

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE
BRITISH COMMONWEALTH

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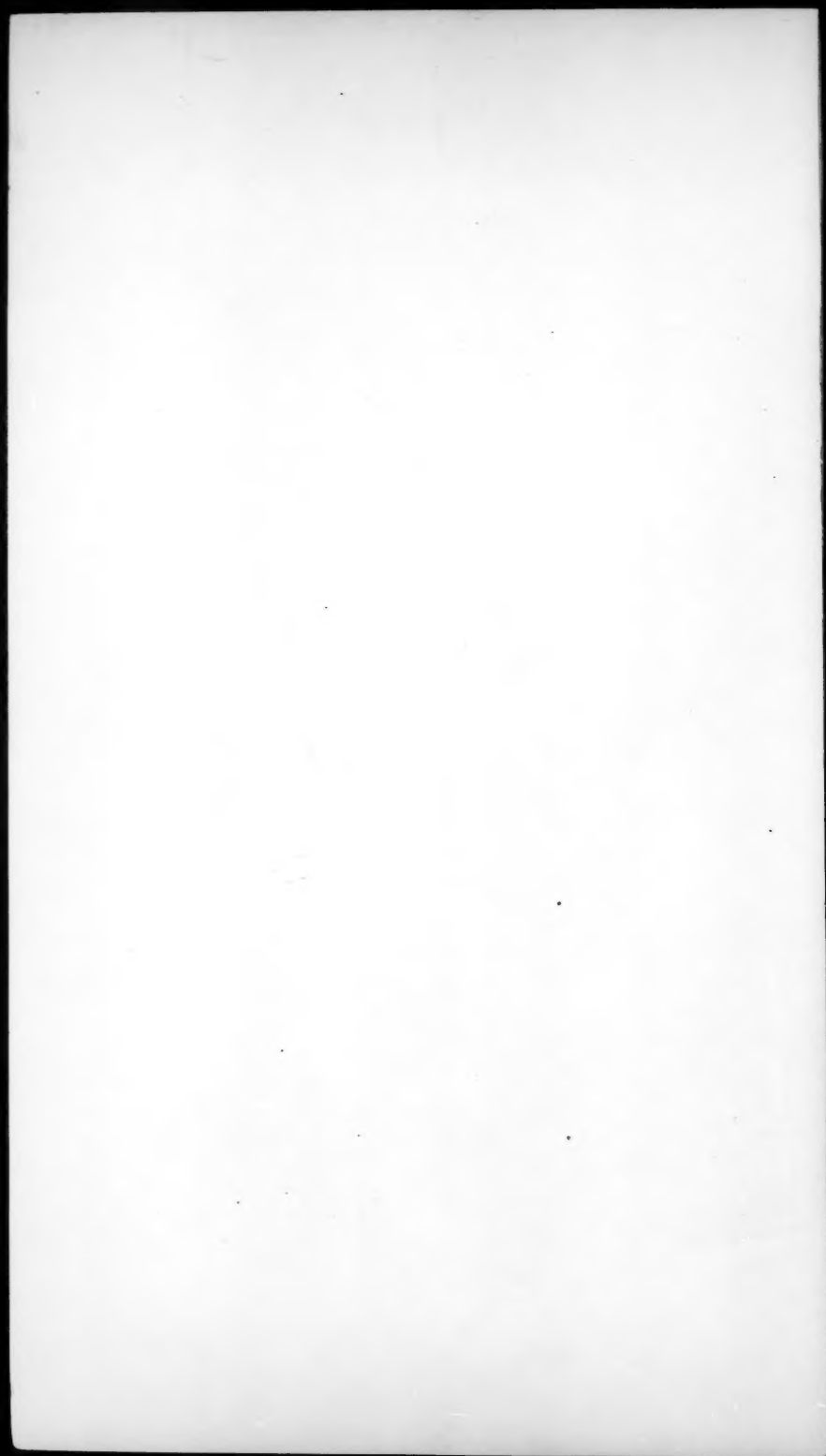
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THE TASK OF THE SIMON COMMISSION

I. HOW TRADE WITH INDIA LED TO THE INDUSTRIAL REVOLUTION

THE people of Europe, who two centuries ago were mainly clothed from the backs of sheep, have since learned from India the use of vegetable wool. This change began with the opening of the eighteenth century, when "John Company" was placing cottons woven in India on the English market. A taste for these new fabrics grew so rapidly as to threaten the prosperity of the English wool-workers. So English wool spinners learned to twist raw cotton into thread, and the weavers to imitate the calicoes imported from India. Such was the demand that the spinners were unable to twist the yarn as fast as the looms could weave it. Some improvement in the old spinning wheel was wanted to enable one person to spin two or more threads at the same time. In 1738 Paul of Birmingham invented such a machine. Thirty years later Hargreaves following a different principle produced a frame upon which one person could spin sixteen threads at the same time. Arkwright improved on Paul and finally in 1779 Crompton combined both principles in a frame known as the mule. With this machine spinners produced yarn faster than hand-loom could weave it. By 1787 the balance was redressed by Kay's flying shuttle and Cartwright's power-loom.

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These various machines needed some force greater than human muscle to drive them. First horses and then water-wheels were used, and the sites where streams could be made to drive cotton mills were soon occupied for the purpose. But vast stores of solar energy were preserved beneath the surface of England in the form of coal. The engine invented by Watt enabled this energy to be used for driving the frames and looms. By 1804 the use of steam for this purpose had become general. Inventors were considering how to move the increasing quantities of coal needed to drive engines, and iron for their construction. In 1825 Stephenson opened the first railroad for cars drawn by a steam locomotive. A ship crossed the Atlantic under its own steam in 1838, a hundred years from the date when Paul had first begun to show English workmen how to compete with an Indian industry. British trade with India thus opened the way to a revolution in industrial methods, which in two centuries has wrought changes more far-reaching than the world had known in any previous ten.

II. TRANSITION FROM COMMERCE TO GOVERNMENT

THE Company meanwhile had acquired sources of wealth other than commerce. From the long struggle with the French it had issued victorious, and had also acquired the right to revenues of large territories, which its servants collected to swell the dividends. It had paid them so poorly that it could not prevent them from trading for private profit. As political officers, they could not live on their salaries and accepted "presents," as was customary in the East, retiring with fortunes which sometimes enabled them to control votes in Parliament. Its independence was threatened by the influence of the Company and of "Nabobs" enriched by oppressing its helpless subjects in India.

Transition from Commerce to Government

The growth of these evils was arrested by legislation which gradually converted the Company into an instrument of government controlled by Parliament. Its administrative officers were secured in the enjoyment of liberal salaries and retiring allowances, and forbidden by stringent enactments to accept payments even as gifts from those they ruled. A career was thus opened to men of honour and education in which they could rise to distinction only by devotion to the welfare of the people entrusted to their care. It was officers of this quality and with this point of view whose studious industry developed an administrative system which the people of India can now use in learning to govern themselves.

The administration of those provinces which came under British control from the time of Hastings onwards was thus organised by Englishmen of high character and ability. Their aim was to endow India with the methods of Western civilisation so far as her people were able to adopt them. Of these the most comprehensive and fundamental was a greater measure of justice than any people of Asia had yet enjoyed. But justice demands more of rulers than a disposition to judge fairly between rival claimants. It involves a continuous and constructive attention to an infinite mass of tedious detail, in order to provide remedies for the grievances from which men find they suffer. It is thus that the Romans and British have earned distinction as exponents of justice.

In reforming Indian methods of justice the English experience of centuries was comparatively easy to apply. The most fundamental and original reform made by the British administrators was in the sphere of revenue. In the theory of the East the position of ruler and land-owner was scarcely distinguished. The ruler was legally entitled to all he could get from the land. A good ruler was one who left the cultivators a fair subsistence by restricting expenditure on his own establishment. The exactions of a bad and extravagant ruler were only limited

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by the fear lest the peasants in despair should leave their holdings untilled and take to brigandage, as is happening in China to-day. In an empire so great as that of the Moguls the revenue collected from the peasants had to pass through a great number of hands and vastly more was appropriated by the intermediate officers than ever reached the imperial treasury. Such a system must always tend to concentrate the wealth of the country in the hands of a powerful minority, to bankrupt the State and impoverish the great mass of producers. These results can be prevented only by methods foreign to Eastern ideas. It needed the kind of thoroughness and exactitude in finance which the constant scrutiny of Parliament required and the younger Pitt had reduced to practice.

A revenue system based on the rent of land involves a government at every point in questions of tenure. It has to determine what are the rights of each individual in the land, as well as the amounts which he is to pay for enjoying those rights. In assessing and collecting the revenues from lands under their control the British officers used the higher exactitude which the business of government as conducted in Europe requires. The amount due from each particular field and the periods for which that amount would be due were reduced to accurate record. The periods during which the amount due to the government remained unchanged were steadily lengthened. Indian officials were trained to these methods, and narrowly watched by the handful of British administrators to ensure that so far as possible no more was exacted from the peasants than was rightly due.

Of those who created the revenue system the greatest perhaps was Thomas Munro, who began life in India as a military officer in the time of Hastings and died as Governor of Madras in 1837. The nature of the problem as he viewed it is best described in his own words :

The peculiar character and condition of the ryots require that some laws should be made specially for their protection. The

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non-resistance of the ryots in general to oppression has been too little attended to in our Regulations. We make laws for them as though they were Englishmen, and are surprised that they should have no operation. A law might be a very good one in England, and useless here. This arises from the different characters of the people. In England, the people resist oppression, and it is their spirit which gives efficiency to the law: in India the people rarely resist oppression, and the law intended to secure them from it can therefore derive no aid from themselves. Though the ryots frequently complain of illegal exactions, they very seldom resist them; they more commonly submit without complaining, and they often abscond when they have no longer the means of paying for them. . . . As therefore they will not protect themselves by resisting injustice, we must endeavour to protect them by laws which would be unnecessary in England, or in almost any other country under foreign dominion; and we must, for this salutary purpose, invest the Collector and Magistrate, the person most interested in their welfare, with power to secure them from exaction, by authorising him to make summary enquiry into all illegal exactions, to recover the amount, to restore whatever is received to the ryots, and to punish the offenders.

In 1819 Elphinstone wrote:

If we can manage our native army, and keep out the Russians, I see nothing to threaten the safety of our Empire—until the natives become enlightened under our tuition, and a separation becomes desirable to both parties.

In 1824 Munro wrote in a similar strain:

We should look upon India not as a temporary possession, but as one which is to be maintained permanently, until the natives shall, in some future age, have abandoned most of their superstitions and prejudices, and become sufficiently enlightened, to frame a regular government for themselves, and conduct and preserve it. Whenever such a time shall arrive, it will probably be best for both countries that the British control over India should be gradually withdrawn. That the desirable change may in some after age be effected in India, there is no cause to despair. Such a change was at one time in Britain itself at least as hopeless as it is here. When we reflect how much the character of nations has always been influenced by that of governments, and that some, once the most cultivated, have sunk into barbarism, while others, formerly the rudest, have attained the

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highest point of civilisation, we shall see no reason to doubt that if we pursue steadily the proper measures we shall in time so far improve the character of our Indian subjects as to enable them to govern and protect themselves.

From these minutes it is clear that Munro and Elphinstone did not regard the people of India as naturally and incurably unfit to maintain a system of government which was just and efficient. The object they had in view was to enable Indians to provide this benefit for themselves, and, as Munro says, this required a definite change in their outlook. He realised the immense influence of government on character and looked to a juster system to induce that change.

Such was the goal to which two great administrators looked in organising a system of order and justice, the like of which had never been seen in the East. But the order they established was constantly threatened by the anarchy which persisted in the territory beyond their control. Indian Princes, successors of the satraps who had governed provinces under the Moguls, continued to fight and intrigue to extend their power. Napoleon's attempts to foment these troubles were countered by the Wellesley brothers whose victories led to vast extensions of British territories. The directors were always averse to wars which reduced their dividends, and in 1805 the Marquess Wellesley was recalled. But the need for one paramount authority in India was inexorable. As Elphinstone wrote in 1813 :

We have long since abandoned the policy which might perhaps have averted the jealousy of other Indian States ; and we have stopped short in the midst of the only other line that was safe or consistent—that of establishing our ascendancy over the whole of India. In consequence, we have still the odium without the energy of a conquering people, and all the responsibility of an extensive empire, without its resources or military advantages. There would be some reason in remaining in this dangerous position if we were strengthened by peace, but so far are we from that, that our provinces and the dominions of our allies are much more exposed to invasion and plunder than they would be in the time of war.

Mechanisation Applied to India

The British Government, as anxious as the Company to avoid Indian wars, was unable to resist the logic of facts. By the middle of the nineteenth century, the peninsula was subject to British control from Cape Comorin in the south to desert and mountain barriers in the north. This did not mean that the whole area was administered by the Company's officers. So far as possible Indian Princes were maintained in a position of subordinate alliance. More than one-third of India is still under their control.

III. MECHANISATION APPLIED TO INDIA

IN producing the engine which was destined to have so potent an influence on all human affairs, one of the difficulties experienced by Watt was to get his artificers to make a cylinder which was really cylindrical. Machinery imposed on its constructors a new standard of thoroughness and accuracy which reacted on business and administration. Enterprise was organised in larger units, each dependent for success on the punctual and accurate working of numerous departments, and demanding therefore a higher degree of exactitude from every person engaged in the business. This higher efficiency was in turn reflected in the sphere of government. The financial and administrative reforms of the younger Pitt, of Peel and of Gladstone were the outcome of an age when men had learned to harness physical power to their tools, and to reserve their own to the task of guiding them.

India was a typical example of the law enunciated by Malthus. Her methods of production and transport had continued unchanged for thousands of years, and the people were always increasing to numbers which these methods were unable to support. A serious shortage in the variable rainfall of summer resulted in famine, and pestilence often followed in its train. From time to time millions perished

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by hunger and disease. In the Indian mind such catastrophes were regarded as the act of God; but British administrators, conscious of their new power over nature, were determined to reduce this destruction of life. In the snows of the Himalayas were enormous reservoirs drained by rivers, whose waters, distributed by canals, would render whole districts immune from drought. The grain produced from these districts would suffice to keep alive the population of areas dependent on rainfall when the rains failed, if the grain could be got to them in time. Railways would enable this to be done. So engineers were employed to initiate schemes for distributing water and the food it produced. The construction of telegraphs began to give a handful of British administrators an increasing sense and power of control over the entire peninsula. The mechanical accuracy of the age was applied especially to the assessment and collection of revenue. Education on Western lines was initiated, but mainly in order to train the natives required to play their part in the huge machinery of government control.

The highly organic structure which England had developed for herself was thus suddenly transported to India. Her vast society and its numerous parts began to react on each other as never before. In matters affecting her daily bread India was becoming an integral unit. A paramount government for the whole country became a necessity.

In seeking to avoid wars of conquest the rulers of India had sought where possible to solve the problems imposed on them by her unity by entering into treaties under which the Princes of Indian States were allowed to retain their power and position subject to the suzerainty of the Governor-General. Broadly speaking, the British authority acquired the powers of an Imperial government over India as a whole. Such powers as provincial rulers exercise in a loose confederation were secured to the Princes. On the provinces annexed by the Company were devolved such powers as a provincial government can exercise in a unitary system. The result

Mechanisation Applied to India

is seen in the fact that to-day about 39 per cent. of the surface of India and 22½ per cent. of her population are still governed by Indian Princes under powers regulated by the treaties into which their predecessors entered with the Government of India.

This policy of leaving large areas under native control must always create formidable obstacles to the projects of administrators anxious for progress. To take one instance, the lines traced by the engineers for canals and railways had no relation to the boundaries settled by history between native and British territories. In such matters reluctant Princes had in the end to give way to the needs of the engineer. But administrators eager to push on their beneficent schemes naturally chafed at delays which had not to be faced in territories subject to direct British control.

In January 1848 there landed in India a Governor-General in whose character and outlook the dæmonic spirit of that time was incarnate. Though only thirty-five years of age, Dalhousie had, as President of the Board of Trade, controlled the railway development of England then at its height. His energies were at once applied to advancing schemes already initiated for covering India with a network of irrigation works, railways and telegraphs. When he left India eight years later a large section of railroad was in actual working, and thousands of miles were under construction.

Dalhousie applied his energies not only to constructive works, but also to improving every branch of the civil administration. The corruption and injustice which continued to characterise the rule of Princes was an offence to his mind, apart from the obstacles which they presented to the further development of centralised control. In two years he had finally conquered the Punjab, the former dominions of Ranjit Sing, and promoted it to the status of a well-ordered British province. In four he had begun the annexation of Burma. He adopted the policy of annexing

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Indian States whenever a Prince died without leaving an heir to his body. The King of Oudh, a flagrant example of maladministration, was dethroned and his kingdom incorporated with the North-Western Provinces.

In 1854 was initiated a project for extending a scheme of Western education to the people at large, by the institution of vernacular schools and of universities. This project was pushed on with such energy by Dalhousie that in 1857 universities were founded in Calcutta, Bombay and Madras. Dalhousie's motives have never been impugned even by his critics. Beyond question his vigorous methods were intended to benefit the voiceless millions of India, and succeeded in their object. But, like all far-reaching reforms, they were slow in coming to fruition, while their first effect was a wide-spread disturbance of vested interests and the alienation of small but powerful classes.

IV. THE MUTINY AND AFTER

THE Indian Mutiny which broke out in 1857 was in essence a revulsion against methods and ideas which were threatening to disturb the very foundations of Eastern society. It failed, as a society based on traditional beliefs will always fail when it enters on a struggle with one which has tapped the springs of genuine knowledge. The rising was crushed with a ruthlessness which shows how easily a higher civilisation can borrow the methods of a lower in the throes of a mortal conflict.

At the time of the Mutiny India was still in theory governed under the sovereignty of the Mogul Emperor, directed by a joint stock company founded for the purpose of trade in the reign of Elizabeth. It was now decided to abolish the Company and to recognise that section of the Indian people, which the Company had governed, as subjects of the Crown, entitled as such to the privileges which British

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subjects enjoy. The principle that India was to be governed for the benefit of her people and not for the profit of England was stated in terms. As for the Indian States, the Crown adopted and promised to observe the treaties which the Company had made with their Princes. Dalhousie's "doctrine of lapse" was explicitly renounced.

At this period John Bright was alone in suggesting that the Indian subjects of the Queen should be taught to govern themselves. India was encouraged to believe that the British monarch would in future rule them as successor of the Mogul Emperors. In the document proclaiming the new system it was not found necessary to explain how all this was to be harmonised with a polity the antithesis of that which the great Mogul had ruled.

Up to the time of Dalhousie the territories now controlled by the Government of India had supported little more than 200,000,000 souls. The population of that area is to-day nearly 320,000,000. There are thus in India to-day at least 100,000,000 human beings who exist by virtue of good government and also of mechanisation. As in Europe and America, society has increased in volume, and in doing so has developed a highly integrated structure. The operation of this intricate mechanism still depends in a high degree on a mere handful of English officials whose fitness for the task is the product of the Western society from which they spring. The very existence of some 100,000,000 souls still depends on a faculty for discharging public duties generated in a totally different order of society on the other side of the world.

Till 1919 the Government of India was, and to a great extent still is, the Indian civil service. The quality of the literature on India produced by its gifted members when they return after years of service to the land of their birth is in no small degree the secret of the power they exercise over public opinion in this country.

Knowledge is power. When in 1858 Parliament sought to assume a direct responsibility for controlling the govern-

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ment of India, it destroyed the principal means through which its members had formerly been able to keep in touch with Indian affairs. Till 1858 Parliament had never renewed the Charter of the Company for more than twenty years. Towards the close of each period Parliament had appointed a committee of its own members to examine witnesses and to advise it as to the terms upon which the Charter should be renewed. All interests affected had thus an opportunity of making their voices heard in London ; and in Parliament were members with first-hand sources of information whose minds had been exercised on the problem of adjusting Indian policy to changing conditions.

The educational system inaugurated by Sir Charles Wood and Dalhousie produced an army of Indian officials who could speak English and were trained to execute the orders of their British superiors. At the Indian universities the landowners were able to educate their sons for professions, especially law. The literature and history of England were the basis of their studies and led them to desire for India the principles of self-government which England had developed. In England, meanwhile, the views of John Bright had begun to influence the Liberal party. In 1880, when Gladstone came to power at the head of a substantial Liberal majority, Lord Ripon was appointed as Governor-General, with instructions to make some attempt to introduce a representative system in the sphere of local government.

With traditional loyalty the British officials took the new bodies under their wing, and threw themselves into the task of making them work. The magistrate usually acted as chairman of the board, and with infinite patience laboured to persuade its members to do with equal efficiency things which previously would have been done by virtue of a simple command from himself.

The general result, achieved at the cost of much additional labour, was no great loss in efficiency and no great gain on the part of elected members in capacity for making

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their own decisions. In some provinces the electoral system was so hedged with safeguards and restrictions as to have no practical effect in training electorates. In the larger municipalities there was more inefficiency and corruption, and also more training in the art of self-government.

A measure intended to put Europeans in India on a footing of equality with Indians before the law aroused passions so violent in the European community that Ripon withdrew it.

The success of the Europeans' agitation against the Ilbert Bill was an object lesson to the Indians in the power of organised agitation for political purposes, and their reply to it was the foundation in the following year of the Indian National Congress as an organisation through which, in default of regular representative assemblies, the Western-educated Indian could make his voice heard not only in India but in England, and, for the first few years at least, made it heard with a greater regard for lawful forms and methods than Anglo Indians had shown in their campaign against the Ilbert Bill.*

In the light of after events it would have been wiser to have encouraged the Indian National Congress to have developed on constitutional lines. But this could only have been done if the agents of England on the spot could have conceived, as Munro did at an earlier date, that the people of India might in course of time learn to govern themselves. The Mutiny had combined with the mechanisation of India to force that idea into the background. One wonders whether Munro himself would have persevered in this faith, had he known an India where 100,000,000 depended for their very existence on the punctual working of a vast and intricate mechanism. The system imported from Europe worked because it was supervised by some hundreds of Englishmen whose standards of public duty, efficiency and faculty for decision

* *Fifty Years in a Changing World.* By Sir Valentine Chirol, p. 223.

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were produced by institutions in which they and their ancestors were bred. The results of a breakdown were so serious that the handful of British directors were impelled to keep in their own hands the responsibility instead of imposing it on their Indian subordinates. The Indian had little training in actual decision, while the Englishman came to regard him as a person naturally incapable of acquiring the faculty of direction. Englishmen in India naturally developed a distrust of the principles inspiring the polity which had made them what they were. The policy of making the Indian National Congress a responsible body would only have been possible to rulers who honestly believed that Indians could in time govern themselves. As it was, the Congress became an instrument for insisting upon the demand for self-government rather than a training ground where educated Indians could develop the qualities needed for the task.

In 1899 Lord Curzon brought to the government of India an energy equal to that of Lord Dalhousie. When he left in 1906 he had made improvements in every department. The effect was a widespread and murderous conspiracy, which came to a head in 1909. The election of 1905 had again brought to power in England a Liberal Government with an overwhelming majority. John Morley, as Secretary of State for India, at the instance of Lord Minto, the Viceroy, decided to meet the demand for constitutional reform on the part of educated Indians who did not believe in anarchy. By an Imperial Act in 1909 he provided that a certain number of members might be elected to the Indian legislatures. Indian spokesmen were thus given the right to criticise their rulers without being made in any degree responsible for the conduct of government. Lord Morley failed himself to realise the inevitable results of a system which gave every scope for finding fault and scarcely any for providing remedies. He even expressed the view in Parliament that India could never hope, like a Western people, to govern herself.

The War and its Consequences

"If it could be said that this chapter of reforms led directly or indirectly to the establishment of a parliamentary system in India, I, for one, would have nothing at all to do with it."

When such was the verdict of the greatest living exponent of Liberalism, Englishmen accepted the view of that small body of their countrymen who had given their lives to the government of India. Nor did they inquire how it could be reconciled with the principles of the polity under which India was governed.

V. THE WAR AND ITS CONSEQUENCES

AND so matters might have continued indefinitely if the great war had not forced Englishmen to consider what were the principles upon which that polity was based.

To Frenchmen the war was mainly a question of defending their own soil from invaders. With Englishmen protected by the sea from immediate invasion it was otherwise. They felt themselves to be fighting for principles dear to them, and were therefore forced to ask themselves what those principles were. They saw, what the French in their anguish could scarcely see, that the ultimate issue at stake was the principle that men should be made to govern themselves. In the central Empires of Europe, they realised, was a system based on the ancient principle of authority dangerously equipped with that power over nature created by a system the opposite of itself. Authority had mastered the weapons of experience, and was using them to threaten the system which produced them. In the words of Clutton Brock, written in the darkest days of the German onset, it was "freedom betrayed by science." It was in this cause that the British Government summoned the manhood not only of England but of the whole Commonwealth to face the ordeal. The response which India made was substantial, and the British Government rightly extolled it to the world. No sufferings can have well surpassed those which Indian troops endured the first winter

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in the trenches of France. Of the rising in India with which British as well as German forecasts had reckoned there was scarcely a sign.

When the very existence of the Commonwealth was at stake India had shown that she was to be trusted. Officials were the first to insist that her conduct must be marked by some signal act of trust on the part of the Commonwealth, and that Indian demands for a greater share in their own government must be met in some practical way.

Ministers in England readily agreed, and the Government of India was thus faced with the task of preparing an actual scheme of reforms. The easy and obvious step was to grant the demand which Indian politicians were making that Indian electorates should be given a majority of members on the legislative councils. This was strictly in harmony with the Liberal ideas which had ruled since 1905. The British Government was therefore advised that, subject to certain safeguards, the Indian demand for an elected majority on the legislative councils should be conceded. But, as usually happens in India, the official proposals leaked out, and the Indian leaders hastened to formulate proposals of their own on the same principle with most of the safeguards omitted. This more advanced scheme was approved by the Moslem League as well as the Indian National Congress. By the end of 1916 the publication and enactment of the official proposal would have seemed a rebuff rather than a concession to Indian hopes.

The official and Congress-League schemes were alike exposed to the criticism that they gave the elected members power to bring government to a standstill free from all obligation for seeing that its wheels continued to turn. They would thus tend to destroy rather than develop that sense of responsibility in voters and members which must be the mainspring of popular government. This objection was as old as Lord Durham's report, and Lowell, the greatest living authority on constitutional questions, had shown that his reasoning, wherever ignored, had been

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verified in subsequent practice. In India, it was urged, such schemes would lead not to self-government, but rather to deadlock and anarchy. Meantime, the theory advanced by the British Government as to the issue for which they were fighting the war had forced public opinion in India as well as England to consider the question of ultimate principles. If the British Commonwealth was really fighting, as its rulers sincerely insisted, for the freedom of nations, its own and others, to govern themselves, could India, whose people were an actual majority in the Commonwealth, be permanently treated as an exception to the rule? Could India be told never to hope for the rights which she herself was fighting to secure for Serbia and Belgium? It was now no longer enough to speak of self-government. The controversies of the time had revealed that this well-worn term might be made to convey almost anything, according to the ideas in the back of the minds of those who used it. To some it meant the government of India through Indian officials; to others no more than it meant to Lord Morley—facilities to criticise government; to others, again, the dissolution of British India into Indian States.

The crisis was one which forced England to examine her own heart and say what she meant in terms which left no room for dispute. On August 20, 1917, the answer was given by the Secretary of State for India in the House of Commons:

The policy of His Majesty's Government, with which the Government of India are in complete accord (he said), is that of the increasing association of Indians in every branch of the administration and the gradual development of self-governing institutions with a view to the progressive realisation of responsible government in India as an integral part of the British Empire. They have decided that substantial steps in this direction should be taken as soon as possible, and that it is of the highest importance as a preliminary to considering what these steps should be that there should be a free and informal exchange of opinion between those in authority at home and in India . . .

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I would add that progress in this policy can only be achieved by successive stages. The British Government and the Government of India, on whom the responsibility lies for the welfare and advancement of the Indian peoples, must be judges of the time and measure of each advance, and they must be guided by the co-operation received from those upon whom new opportunities of service will thus be conferred and by the extent to which it is found that confidence can be reposed in their sense of responsibility.

The use at this juncture of the words "responsible government" was the most important act of policy ever deliberately taken in the history of British India. It meant that Great Britain proposed in course of time to withdraw from India as completely as she had withdrawn from Canada, Australia or South Africa. The significance of the words "responsible government" is enhanced by the fact that they were introduced by Lord Curzon, who was at the time Secretary of State for Foreign Affairs. He, better than anyone, knew what the world at the time wanted to know—what the words meant in that outer world, and also the full difficulties involved in their application to India.

VI. REACTIONS OF THE NEW POLICY ON THE INDIAN STATES

THIS pronouncement was generally assumed to apply only to British India. And yet it contained no reference to the fact that some 40 per cent. of its area and a quarter of its population were still ruled by upward of 500 chiefs under the suzerainty of the Government of India. Its relations with each chief were determined by treaties, each differing, and some widely differing, in their terms. In these numerous territories the authority of the central Government is thus limited by as many contracts, framed for the most part before the era of mechanisation had begun to unite the localities and peoples of India in a highly organic structure. At a meeting of the Princes in 1919 the spokesman of the Government admitted that

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there had been in the past a constant development of constitutional doctrine under the strain of new conditions as the British power had welded the country into a composite whole. That doctrine, as for instance, in the case of extra-territorial jurisdiction, railway and telegraph construction, administration of cantonments and various other matters, had been superimposed upon the original relations of many States with the Crown, but had evolved in harmony with the needs of the Indian body politic, and had not been inspired by any desire to limit the sovereign powers of the Indian rulers. The rulers' consent to such doctrine had not always been sought in the past, partly because it was often evolved piecemeal from precedents affecting individual States, and partly because it would have been impracticable to secure combined assent within a reasonable period. It was admitted, however, that, while the justice and necessity of the new measures was clearly seen, their effect upon the treaty position was not appreciated at the time, with the result that a body of usage influencing the relations with the States had come into force through a process which, though benevolent in intention, was nevertheless, to some extent, arbitrary.

In plain words, these political scriptures are no longer in harmony with modern conditions. In order to control those conditions, the Government of India is constantly led to interpret the treaties in a sense never intended by those who signed them. Such interpretations the Princes accepted, however unwillingly, so long as the paramount Government was British and therefore disinterested in settling questions at issue between themselves and the rest of India. But when, in August, 1917, a promise was made which could only mean that one day the Government of India would become responsible to an Indian instead of a British electorate, the case was entirely altered. It meant that sooner or later an elective Government of British India might speak the last word on questions affecting the States ruled by the Princes no less than its own electorate.

In 1917, some active Rajput Princes invited political leaders in British India to meet them and discuss the new situation. Now the politicians knew well that in the seats of authority were some who regarded a revival of princely rule in British India as the only practical form of self-

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government. They were just as anxious that Princes should have nothing to do with the plan of reforms for British India as were the Princes that Indian rulers of British India should develop no claim to interfere with the Indian States. The politicians and Princes had no difficulty in agreeing for the moment to resist any temptation to meddle one with the other. British India and the Indian States should be treated as though they belonged to separate spheres. They ignored the truth that these two orders of territory were part of one country and closely interlaced. The Princes closed their eyes to the fact that Indian electorates in controlling currency, customs, and railways would also control the major interests of the Indian States. Their attention was concentrated on a scheme for enabling the Princes to act together in resisting the encroachments of the Political Department. The Chamber of Princes, established in 1921, was the result of their efforts.

VII. THE MONTAGU-CHELMSFORD REPORT

MR. MONTAGU, the Secretary of State who had made the pronouncement, in 1917 hastened to India, to discuss with the Viceroy, Lord Chelmsford, what steps should be taken to initiate responsible government in India. Their joint report was published in July, 1918, and, before coming to its contents, let us glance for a moment at the vast community to which their daring proposals were applied. The Indian Empire contains some 320,000,000 souls, a population approximately equal to that of all Europe west of Russia. In race, language and religion, Europe is less divided than India. There are 70,000,000 Mahomedans and 210,000,000 Hindus, whose mutual feelings somewhat resemble those of Protestants and Catholics in the seventeenth century. The vast majority of the people are illiterate and living dangerously

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close to the margin of subsistence. One quarter of them are still under the rule of hereditary Princes. The only language common to their rulers is English. The problem which the Secretary of State and Viceroy set themselves to solve was how to initiate the principle of responsible government in a community so immense, so diverse, so inexperienced in self-government, so divided by race, language and religion. The solution they proposed, as embodied in the Government of India Act of 1919, may be briefly summarised in the following paragraphs.

The declaration of August, 1917, was embodied in the preamble to the Act, with the addition of a clause reciting that it is expedient "concurrently with the gradual development of self-governing institutions in the provinces of India . . . to give to those provinces in provincial matters the largest measure of independence of the Government of India, which is compatible with the due discharge by the latter of its own responsibilities."

The Secretary of State and the Viceroy had said in their joint Report on which the provisions of the Act were based :—

The provinces are the domain in which the earlier steps towards the progressive realisation of responsible government should be taken. Some measure of responsibility should be given at once, and our aim is to give complete responsibility as soon as conditions permit. This involves at once giving the provinces the largest measure of independence, legislative, administrative, and financial, of the Government of India, which is compatible with the due discharge by the latter of its own responsibilities.

The authors of the Report thus recognised that no real control of provincial matters could be given to the provincial electorates unless control over provincial governments, exercised by the Government of India and the Secretary of State, was simultaneously relaxed.

As proposed in the passage above quoted, it was in the provincial constitutions that the principal changes for which the Act provided were made. They were as follows :

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1. The proportion of elected members in the provincial Legislative Councils was substantially increased: each council was in future to have a majority of elected members forming not less than 70 per cent. of the whole. The framers of the Act contemplated that, contemporaneously with this increase in the number of elected members, there would be changes in the rules governing elections which would provide for a great extension of the franchise on the basis of property qualifications lower than those hitherto adopted, and for the abolition of secondary elections. By the changes subsequently made, the electorates throughout India were increased so as to include about five million voters.

2. The provincial governments were to be of a two-fold character—consisting of the Governor acting with members of the Executive Council, formally styled “the Governor in Council” (the official side of the Government), and the Governor and Ministers (the popular side). Provincial functions were to be divided into “reserved” and “transferred,” the reserved being exercised by the Governor in Council, and the transferred by the Governor and Ministers. The members of the Executive Council were to continue, as in the past, to be persons having official status, whose tenure of office would be in no way dependent on votes. Ministers, on the other hand, were to be elected members of the Legislative Council, appointed by the Governor, and their tenure of office was to depend on their commanding a sufficient following in the Legislative Council. This plan of having provincial governments partly official and partly popular, and allotting separate functions of government to the official and non-official sections respectively, came to be known as “dyarchy.” It was contemplated that further progress towards responsible government in the provinces might be made by degrees as additional subjects were transferred to the control of Ministers.

3. In order to prevent deadlocks, and to enable the

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Governor to obtain necessary supplies for the reserved departments of government, and any legislation which the Governor might regard as essential for the discharge of his responsibility for reserved subjects, provision was made enabling the Governor to secure the necessary supplies, or to enact the required Bill, on his own authority, where the Legislative Council had refused assent to his proposals.

4. Important steps were taken in the direction of provincial independence as foreshadowed in the clause of the preamble quoted above:—

(a) The limits of the provincial sphere were to be defined more clearly by a new classification of the functions of government as either "central" or "provincial."

(b) The authority of the provincial governments and legislatures within their own spheres was to be more fully acknowledged, and, in particular, the power of the central government to interfere in relation to transferred subjects was to be definitely restricted.

(c) Certain sources of revenue were to be allocated to the provinces so as to give the provincial councils power to control their own budgets.

So far as the central government was concerned, no attempt was made to introduce dyarchy into the Government of India on lines similar to those followed in the provinces, and the essential character of the Viceroy's Executive Council, as an official body accountable to the British Parliament through the Secretary of State, remained unaltered; but important changes were made in the constitution and powers of the Indian legislature. Instead of a single chamber with a majority of nominated members, there were in future to be two chambers, the Council of State, and the Legislative Assembly: the Council of State was to consist of 60 members, nominated or elected, but not more than 20 were to be official members: the Assembly was to consist of 140 members, of whom 100 were to be elected members. The Assembly was given

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the right to discuss and vote upon appropriations proposed in the annual budget, but certain heads of expenditure were to be excluded from their discussions, and the Governor-General was given power to secure supplies which he regarded as essential, in spite of the refusal of the Assembly. As in the case of provincial Governors, the Governor-General was also given power to enact on his own authority any measure which he regarded as "essential for the safety, tranquillity or interests of British India or any part thereof," in spite of the rejection of such measure by either or both chambers of the Indian legislatures.

The reforms in the central government thus followed the lines traced in the Congress-League scheme, but subject to the all-important safeguard that the Governor-General might override the legislature, not merely by refusing to ratify its Bills, but also by enacting measures which it failed to pass. These powers have in fact been used to release deadlocks which would otherwise have paralysed the machinery of government. The attempt to initiate a genuine instalment of responsible government was confined to the provinces.

It will be clear from this brief summary of its main provisions that, while the Act of 1919 faithfully reflected the terms of the pronouncement of August, 1917, and opened the way to a substantial advance along the path of "progressive realisation of responsible government," the reforms which it introduced were of a tentative character. This character was further indicated by the inclusion of an important provision for future revision, which revived in principle the procedure which Parliament had followed in the days of the Company. The terms of this provision deserve to be quoted in full.

(1) At the expiration of ten years after the passing of this Act, the Secretary of State, with the concurrence of both Houses of Parliament, shall submit for the approval of His Majesty the names of persons to act as a commission for the purposes of this section.

(2) The persons whose names are so submitted, if approved by

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His Majesty, shall be a commission for the purpose of inquiring into the working of the system of government, the growth of education, and the development of representative institutions, in British India, and matters connected therewith, and the commission shall report as to whether and to what extent it is desirable to establish the principle of responsible government, or to extend, modify or restrict the degree of responsible government then existing therein, including the question whether the establishment of second chambers of the local legislatures is or is not desirable.

(3) The commission shall also inquire into and report on any other matter affecting British India and the provinces, which may be referred to the commission by His Majesty.

VIII. THE SIMON, HARCOURT AND DONOUGHMORE ENQUIRIES

THE experiment in responsible government was thus made subject to enquiry and revision at the end of each decade. No feature in the Act of 1919 has provoked more criticism than this; but none the less an amending Act was passed which enabled the Commission to be called into being in 1927 instead of in 1929.

The Simon Commission was confined to members of Parliament, and we do not here propose to dwell on the controversies raised thereby. But when it was appointed scarcely anyone seems to have realised that its report would have to be written in the light of two other enquiries.

We have seen how the pledge given in 1917 to start India on the road to Dominion status at once reacted on the Princes. The prospect of a further advance in 1929 has revived their anxiety, which has found corporate expression through the Chamber created in 1921. It led to the appointment of Sir Harcourt Butler, Mr. Sydney Peel and Professor Holdsworth as a committee,

(1) to report upon the relationship between the paramount Power and the States, with particular reference to the rights and obligations arising from (a) treaties, engagements and *sanads*, and (b) usage, sufferance and other causes; and (2) to enquire into the financial

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and economic relations between British India and the States and to make any recommendations that they may consider desirable or necessary for their satisfactory adjustment.

The attitude of the Native States on this subject was ably expressed by the Chancellor of the Chamber of Princes His Highness Major General the Maharajah of Patiala, in a speech to the East India Association on July 24.

The Indian States (said His Highness) were so interwoven with British India that the main arteries of communication, which were vital both for the safety and the well-being of the Indian continent, ran principally through State territory. He asked whether this did not argue that the prosperity of India as a whole was very largely dependent upon effective co-operation between the governing authorities in British India and the States. . . . As time went on the Princes, finding their position becoming increasingly difficult, approached the Viceroy in person to ask for an impartial and authoritative enquiry. They had become increasingly conscious of the fact that, while there was never any intention on the part of the framers of the Reformed Constitution in British India to trespass upon the rights of the States, yet in actual practice these had been affected very deeply. In a great variety of directions—for example, the fixing of the rupee ratio, the introduction of protective duties, experiments with prohibition and the like—they found themselves most deeply and vitally affected by policies in the framing of which they had no hand.

These pregnant words recall the importance (too often ignored) when discussing political problems of always unfolding before our eyes a map of the countries to which they relate. We have only to glance at a map of India with the British provinces and Indian States differently coloured, and black lines showing the canals, railways, telegraphs and roads, upon which the lives of their teeming inhabitants depend, to realise that all the communities of this sub-continent must, in the course of events, travel towards one political goal.

Ceylon, though separated by a narrow strait from the sub-continent, is part of the Indian world in a way that Burma is not. The incompetence of a Governor in 1797 led to its

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removal from the jurisdiction of the India House, and to its subsequent establishment as a Crown Colony. The island has thus come under the department of the Secretary of State for the Colonies, instead of the India Office. But, of course, the reform movement in India in 1917 was immediately reflected in Ceylon, and steps were taken by the Colonial Office to meet the demand for self-government, as advanced by the Ceylon National Congress. On August 13, 1920, an Order in Council was issued creating a Legislative Council with fourteen official members, nineteen elected and four more appointed by the Governor to speak for minorities. Three unofficial members were added to the Executive Council which remained irremovable except by order of the Secretary of State. The Governor was given the same overriding powers as the Governor-General in India under the Montagu-Chelmsford reforms. In Ceylon, however, these powers were unused, with the very results which critics of the Congress-League scheme had foretold. Within seven years the deadlock was so complete that Lord Donoughmore, Sir Matthew Nathan, Sir Geoffrey Butler, M.P., and Dr. Drummond Shiels, M.P., were appointed as a commission,

to visit Ceylon and report on the working of the existing constitution and on any difficulties of administration which may have arisen in connection with it; to consider any proposals for the revision of the constitution that may be put forward, and to report what, if any, amendments of the Order in Council now in force should be made.

Their report, signed on June 26, 1928, is likely to remain a landmark in the history of constructive politics. In answer to the first part of their reference, they record their opinion of the present constitution of Ceylon that

It is reducing the Government to impotence without providing any means of training the unofficial members in the assumption of executive responsibility; the tendencies to which it has given rise and the methods by which it has been worked have alike been

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detrimental to the best interests of the country. The defects inherent in it are such that it could never have worked successfully except under the most favourable conditions. Denied these conditions it has proved an unqualified failure.

As a cure for these evils the Commission propose to adapt the English system of municipal government through standing committees, which is seen at its best in the London County Council, and to base it on manhood suffrage. In claiming the League of Nations (which is not a government) as their model, the Commission fail to disguise the real nature of their proposal. Its original character lies not in the novelty of the mechanism suggested, but in its application to a country half the size of England, with a population of over four million which, after all, is less than that of the area controlled by the London County Council. One could wish that the experiment might be tried in time to afford the Simon Commission some actual experience as to its working.

The Donoughmore Commission, one half members of Parliament, remark on a world-wide tendency to doubt whether parliamentary institutions, as copied from Great Britain, are really responsive to public opinion. How often are we told that the Bolsheviks and Fascists are on the way to something better, and also that the people of America have found it! It is well to remember that our institutions are like our shoes. We feel the corns that they give us, but not the bruises and cuts from which they have saved us. And so with machinery, physical and human. It is easier to think of new devices which avoid the evils from which we have suffered, than to foresee the fresh defects which those devices will develop in practice. Constitutional designers are least at ease as they watch their contrivances running their trials.

The Donoughmore Commission was not, like the Simon Commission, bound by the terms of its reference to regard responsible government as the goal to be sought. Ceylon, moreover, was formally outside the scope of the pronounce-

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ment made in August, 1917. It is none the less clear from every page of the Ceylon report that the Commission read that pronouncement as determining the policy of the British Government in respect of Ceylon no less than of India. No attempt is made to evade the task of finding some means by which the government of Ceylon may be made responsible to the people of the island, and with that end in view of making the people of Ceylon fit to bear that responsibility. The problem of finding by trial and failure how in Asia and Africa public opinion can be brought into being in a form capable of controlling public policy is in fact the major problem of the British Commonwealth, and indeed of the world, in the epoch opened by the great war. The Donoughmore Commission have faced that problem squarely. It now remains to be seen what further light the Simon Commission and Harcourt Committee will be able to throw on it.

EDITOR'S NOTE.

The news of the appearance of the report of the committee, appointed by the Conferences of All Parties which was formed early in the year, recommending and embodying a constitution modelled on Dominion lines unfortunately reached England too late to be dealt with in this article, and the same applies to the recommendation made to the Simon Commission by the Associated Chambers of Commerce of India that the provinces should be given responsible government.

A FRENCHMAN ON THE BRITISH EMPIRE

THE future of the British Empire can never be a question of second rate importance for a Frenchman. It makes a great difference to France, and, indeed, to Europe generally, whether the ultimate solution follows "little England" or "Imperialist" lines; whether the Empire develops into a centralised State with all the appropriate organs of such a State, or remains a loose commonwealth of nations. That is why the Continent cannot treat its rapid evolution—we do not yet even know where the real centre will ultimately be—as a matter of merely academic interest. In the following pages an attempt is made to show how the problem presents itself to a foreigner.

I. THE OLD AND THE NEW IMPERIALISM

THE writer remembers a time before the present century began when "Imperialism" was a wide and vague enough term to cover almost any programme—it left room for development in practically any direction, and completely contradictory tendencies were covered by it. On the one hand, there was the growing determination of the Dominions to become nations, and on the other, one found people, especially in Great Britain, who wanted the political life of the Empire to be more centralised than ever. Imperialist suggestions in the latter sense at times aroused a good deal

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of natural anxiety, for they could not have been given effect to, notwithstanding the evident good faith and liberal attitude of British statesmen, without to some extent imperilling the autonomy which the colonies had already won.

Looking back a quarter of a century later, one wonders whether Chamberlain was on the right tack when he endeavoured to achieve unity before the great Dominions had become fully conscious of their nationhood or won their status as nations. Yet, it was essential that they should first reach that stage in their evolution. Otherwise, any attempt to establish a common administrative machinery would have been open to the suspicion that it was, in spirit at all events, a return to the old colonial system. That was certainly never Chamberlain's intention. Still, it is perhaps as well that the political, military, economic structure he contemplated should not have materialised in those early days. For it left the new system time to take form in its own way ten or fifteen years later when it was easier to see the problems of Imperial relations in their proper proportions.

The Imperialism which has actually prevailed did not, indeed, draw its inspiration from Chamberlain at all, but from Cecil Rhodes. The Dominion point of view has won a victory which is perhaps due to the fact that Rhodes, though quite as British as Chamberlain, lived in the colonies himself and completely adopted their political standpoint. We find the following passage in a speech of his on the Basutoland Annexation Bill delivered in the Cape Parliament as early as 1883 :—

I believe (he said) that confederated States in a colony under responsible government would each be practically an independent republic, but I think we should also have all the privileges of the tie with the Empire.

These were the words of a *précurseur*, but the whole genius of the Empire in its present form is implicit in this short

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and apparently simple statement. Rhodes' support of Parnell rather later was also, strange to say, more in keeping with the spirit destined to govern Imperial relations than the devotion to "unionism" of many an Imperialist of the day. But Rhodes' conception of complete colonial independence inside an Empire united by a strong moral tie did not gain ground till after the Boer war, not indeed till Chamberlain had been defeated, in the days when the ROUND TABLE was endeavouring to get people to study the fundamental verities of the problem. And so it comes about that the new Empire, which came into its own during and after the great war, expresses the Rhodes rather than the Chamberlain tradition. It is based, in the words of the ninth resolution of the Imperial War Conference of 1917—a momentous pronouncement—"Upon a full recognition of the Dominions as autonomous nations of an Imperial Commonwealth," or to quote the report of the 1926 Imperial Conference, "They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs." The writer does not imagine that Chamberlain and the Imperialists of his time would, if they had been asked, have objected to these formulæ; but the empire which they wished to promote would probably have been of a different kind. They aimed at a far higher degree of political and economic unity.

II. WHAT HOLDS THE EMPIRE TOGETHER

NO doubt to-day there is a greater measure of moral unity than ever existed before; but, from a Frenchman's point of view at all events, that is a very different matter to political or economic unity, and does not necessarily mean a closer political tie. This, of course, is the reason why the real strength of the new British system so often passes our comprehension. We have the utmost

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difficulty in estimating its true value, and where our British friends see realities which leave no room for doubt, we too often fail to see anything more than brilliant formulæ and sentiment, though the writer admits his countrymen's tendency to underrate the British political instinct and the part that sentiment plays in the British community of nations.

Nevertheless, a change of equilibrium which has shifted the centre of gravity of the Empire was bound to have far-reaching repercussions, and at this moment, when the British Commonwealth is finding its feet in the moral sphere, its diplomatic unity, as no foreigner could fail to notice, is no longer a fact. Ever since 1923, when the Canadian Halibut Treaty was signed by a Canadian plenipotentiary, the idea of a common foreign policy appears to have become merely optional. The writer, of course, fully appreciates the value, from a theoretical and sentimental standpoint, of the link supplied by the King; but that, after all, is only a symbol. Such political unity as formerly existed was effectively dissolved by the 1926 Conference when, speaking of protocols, it was careful to distinguish, for the future, between cases in which treaties are made "for Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations," and those in which they are made, for example, "for the Dominion of Canada" or "for the Irish Free State." There may still, of course, be occasions on which every part of the Empire will be included in the same treaty; but the Empire, in so far as diplomatic expression goes, no longer takes common action in the political field, unless the fact that treaties are all made in the name of the King is counted as such. Common action is possible; but the experience of the last few years clearly shows that it is bound to become more and more rare. Take, for instance, the following examples. In the Treaty of Lausanne Great Britain is concerned, but not Canada; the Locarno Treaties commit Great Britain, but not the Dominions; at Chanak

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Great Britain would have fought, but some at least of the Dominions would have stood aloof. In Europe there is a growing disposition to make a distinction between Great Britain's own policy and the policy of each of the Dominions, and, as we foreigners see it, the notion of the Empire amounts less and less, in the sphere of politics at all events, to a distinct conception. We became conscious some time ago that there was a Canadian and an Australian policy as well as a British policy. That fact is now officially admitted. The result is that, although Great Britain herself seems in some mysterious way to be merged in the wider moral conception of the Empire, yet another and a more consciously British figure can be distinguished inside it. It is not the "little England" of long ago—it includes not only the British Isles, but the whole Empire except the Dominions—but it is not Dilke's Greater Britain either. There is an appendix to the report of the 1926 Imperial Conference which regulates the form that treaties are to take, and its bounds will be found defined in this document as "Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League." This formula indicates exactly the sphere in which British political power is still sovereign; but it is no longer co-extensive with the whole Empire.

The distinction between the Dominions and the Crown Colonies is an old one; but, since the Dominions have grown up, it has assumed an importance which it never had before. It is no longer simply a question of the difference between two particular sections of the Empire, corresponding to the two branches into which the Colonial Office is now divided. It involves, in a real sense, the birth of two separate Empires. The one includes all the white nations of the Commonwealth and is, if not a State, at least a community; the other comprises Great Britain and the Crown Colonies and Dependencies, and constitutes, in the fullest sense of the word, what we French would call a State. The recent reorganisation of the Colonial Office

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and the establishment of a Dominions Office, with functions which have more to do with negotiation than with administration, is symbolic of the change.

It is possible that French people lack political imagination when they come up against foreign constitutional forms, and they probably have less sense of adaptation than the British. Otherwise, they would certainly be less ready to believe that the Empire is dead when it is only changing. Minds shaped for centuries by Roman law find it hard to believe in anything that is incapable of being written down in black and white, and they have a feeling that the reality of this new Empire, whose political unity, at least in so far as the Dominions are concerned, rests solely upon allegiance to a common King who himself possesses no effective powers whatsoever, is fading away. They are, of course, aware of the common view of life which British people share all over the world, and they know what a priceless tie that is in itself; but they are inclined to attach very little importance to its political value. They do not, the writer admits, take sufficiently into account the number of things that the partners do in concert, and they exaggerate the number that each of them does separately. Accustomed to a unified State themselves, they naturally lack the "commonwealth" sense. The writer himself, although he has a personal acquaintance with the ethnical, cultural and moral basis of the Empire, fails to see what strength it has gained from its latest development. It might have suffered worse things—no doubt it would have suffered them—if that development had never taken place, but that is an argument of despair. One can anyhow see for oneself any day one likes that Canada and South Africa are independent, if not of the King, at least of Great Britain. They at all events have all the outward signs of such independence. They have a separate policy even in foreign affairs. In an international discussion such as the one that has just taken place upon the Kellogg note, they are approached

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separately by foreign Powers, and they openly declare that, although they are in sympathy with the British point of view, they are under no obligation to follow it. This is obviously a very different position from the one to which Imperialists used to aspire in the last decade of the nineteenth century.

It is, of course, as easy to underrate as to overrate the practical political advantages which Great Britain derives from the existence of the great Dominions. Thanks to Imperial preference, she finds in the Empire a privileged market, and she can also look to the Dominions for general economic co-operation on the lines laid down by the 1926 Imperial Conference, *e.g.*, the "buy British goods" campaign, the common organisation of patents and marketing, and the schemes for industrial standardisation throughout the Empire. British peoples too all over the world—one might almost for this purpose include Americans—will, thanks to their common language, traditions and standards, always have a better chance of understanding one another than the rest of us have. Herein perhaps lies the main and the most lasting strength of the British Empire.

There are, however, a large number of things which, with Imperial relations in their present condition, Great Britain cannot hope to get from the Dominions. The ideal, for instance, of a completely self-supporting Empire, assuming that she desires such a thing, is not capable of realisation. The scheme for a common customs union has never occupied the serious attention of practical statesmen for long. Chamberlain's mind sometimes turned in that direction; but he readily admitted its impossibility, and if the idea has cropped up from time to time since, it has mainly been, in the writer's view, as a formal and sentimental protest against the lengths to which foreign protectionism has been carried. A more disquieting feature is that it is not even possible, in view of the disinclination of young communities with rising or ambitious

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industries to bring down their tariffs to help the mother country, to expect a really effective preference. For some of the Dominions, Imperial preference simply means high protection against British, prohibition against foreign, goods. It is merely, so to speak, an embrasure in the wall. A really serious preference, if it were to be had, would probably, in the long run, involve the grant of corresponding concessions to Dominion imports in the British market. But as long as wheat and meat are on the free list, no policy involving any wide degree of preferential reciprocity is likely to be adopted.

Nor are raw materials in the Dominions at the unconditional disposal of the British consumer. During the war, as we know, they were requisitioned by the Dominion Governments and pooled in the common interest of the British and allied cause, and admittedly it is a thing which might happen again if there were to be another great conflict in which the whole Empire was involved. But in peace time—even in time of war in the absence of such an agreement—the Australian wool clip remains Australian not British, and the Canadian wheat and pulp Canadian. Raw materials within the Empire are British in fact as well as in name only in the Crown Colonies. It is, moreover, a matter of common knowledge that the free migration of people within the Empire is no more an admitted right than the free circulation of goods. Australia, for instance, wants settlers of British origin ; but that does not prevent her applying the filter in a remorseless manner to the incoming stream. The would-be immigrant may proudly protest, "*Civis Romanus sum*"; but that does not entitle him, British though he be, to pass the threshold of the Australian Commonwealth.

Limitations of this kind—and they are numerous and beyond question—do not correspond with our foreign notions of a united Empire, and, as we see things, the tendency in the Dominions is to discard British leadership and to go their own way more and more. Nor can we help

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being struck by the difference between the eloquent homage one hears paid to the principle of unity at Imperial banquets, and the divergent lines which political action takes at practical business discussions. Even allowing for what a French Prime Minister once called *la chaleur communicative des banquets*, which is, of course, very much the same everywhere, the writer has often been amazed at the bold way in which speakers commit themselves on these post-prandial occasions. He has sometimes, indeed, felt tempted to suggest to the representatives of the Dominions that an agreement might be signed there and then on the menu card. But what a different *Stimmung*, to use a German expression, one finds the next morning, at the round table discussion! Goodwill inspired by sentiment is one thing and the prudence which comes from business considerations another, and the writer cannot help wondering how long these young countries will remain willing to accept any degree of solidarity with this elderly Europe of ours, of which Great Britain is, after all, part and parcel. They seem to get more and more like grown up married children who are already on their own account, and John Bull (*père*), accustomed though he is to exercising tutelage, and extraordinarily well qualified to do it, already feels that there is very little left for him to do, now that his political offspring have reached years of discretion. His help is no longer wanted, not even his advice. On the contrary, boastful youngsters from Australia and other places freely and loudly tell him what he ought to do himself. He is, however, a philosopher and, far from resenting such interference, he is really proud of these big sons of his. Possibly, too, he knows that none of the Dominions could safely go and set up for itself outside the Empire.

The Real "British" Empire To-day

III. THE REAL "BRITISH" EMPIRE TO-DAY

A CHANGE of this sort in the kind of influence which Great Britain exercises with regard to the Dominions was, however, bound to bring about a modification in the old British attitude towards the Empire, and the new one differs according to the degree in which the various parts have already got rid of Downing Street control. The old line in Virgil, *Tu regere imperio populos memento*, might have been specially written for British statesmen, and we readily recognise in British public servants whose work lies in the colonies the modern incarnation of the pro-consular spirit. But the ever-increasing portion of the Empire which is self-governing has already been withdrawn from the sphere in which that remarkable type exercises its activities. The Governor-General is the last British official left in the Dominions, and he has now ceased to be an official. To-morrow he may not even be British. Evolution in this direction has, indeed, gone a step further. In a country like Canada, for instance, British people no longer find unlimited openings in the way of private jobs—Americans are commonly preferred. Facts such as these have clearly not escaped British common sense. The result—and in the writer's opinion it is an important one—is that the British since the war have been concentrating their attention more than ever before upon the part of the Empire which still remains under the Colonial Office. For a time this tendency was hardly noticeable; but it is now, to foreign eyes at all events, far more in evidence. One may perhaps say without exaggeration that, if there are two British Empires, the "Colonial" and the "Dominion," the former tends more and more, from the point of view of British power, to become the real one.

The reason is obvious. Great Britain can do what she likes in the Crown Colonies. She can put her own people

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into them either as officials or as settlers without having to consult anybody, and British immigrants are not, for their part, obliged to put themselves to all sorts of trouble to obtain admission. Business is carried on according to rules laid down by the Colonial Office and British capital is naturally inclined to go where it is free from any control except British. It is notorious that British investments largely take the form of bonds in the Dominions and of shares in the Colonies, a fact which shows that British financial activity selects channels which lead it towards the Colonies rather than to the Dominions. Raw materials too from colonial sources, such as Sudanese cotton or Straits Settlements rubber, can be freely disposed of by Great Britain, and it may be that that constant preoccupation of many British statesmen, the idea of a self-supporting Empire, will to a large extent be found capable of realisation in this field. Chamberlain, if the writer's recollection is correct, was the first to pay attention to the latent resources of the Crown Colonies. But the real cause of the interest which they nowadays excite may be traced to the Balfour of Burleigh Committee appointed during the war.

The new Colonial Office now concentrates its energy on the administration of an Empire which, though it does not include the Dominions, Ireland or India, covers a wider area than the French Colonial Empire. It is, moreover—and this is also worth noticing—in many respects curiously like that Empire, a fact which, no doubt, accounts for the increasing interest which well informed British circles are now taking in our colonial work. In the nineteenth century—to go no further back—we were bitter rivals in this sphere and—let us be the first to admit it—French colonisation commanded scant respect in England. The French used themselves in those days—many will remember it—to say that they had no genius for colonisation. They have since proved the contrary by their success in North Africa and Indo-China. Great Britain might, indeed, do worse than draw upon our experience there, for she herself

The Real "British" Empire To-day

has problems to cope with which do not differ materially from Gallieni's in Tonkin and Madagascar or Lyautey's in Morocco.

In the eighteenth, and still more in the nineteenth, century, it was the main object of the colonies which are now Dominions to people empty or partially empty territories, and there were hardly any heterogeneous elements in the early Australian and American settlements. The problems which tax the energies of the British in their Crown Colonies are, however, complicated by the presence of coloured races, some of which have reached a high stage of civilization. Settlement proper in such Colonies is, indeed, of secondary importance to the exploitation of natural resources with the aid of coloured labour, and there is, in consequence, a new type of empire emerging which, as regards its underlying principle, has less in common with the Gladstonian type familiar to the nineteenth century, than with the Spanish or Dutch. No doubt there is a kind of non-conformist conscience which would never admit the exploitation of a territory in the interests of people at home to be the principal business of colonisation, and readers of that way of thinking will be shocked at this comparison. British business men, however, who deal with colonial problems in a businesslike spirit will perhaps take it differently. This belief has, at all events, encouraged the writer to hazard the suggestion. But this comparison with régimes in which sentiment has found little place does not mean that British exploitation should have no idealism behind it. On the contrary, the problems presented by colonies in which there are different races and conflicting interests provide unlimited opportunities for the exercise of British genius. Great Britain has now to bring her sense of statesmanship to bear upon new questions in which the issue is between the investor in search of dividends, native races demanding respect for their rights, and colonial administrators in charge of the public interest—a term which includes all colours—actuated

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by that high sense of duty which we have come to know as mandatorial. It is a new phase in British colonial history, closely connected with the passing of the Dominion stage and the birth of a new era. It is not, however, the old atmosphere of the plantation days. The leaders of to-day hold loftier ideals, and the claims of colour, once entirely ignored, are no longer left out of account.

* * * * *

Such is the impression which the British Empire leaves upon us foreigners, who see it from outside. Great Britain's leadership is vanishing, in so far as the Dominions are concerned, and that very fact leads us to lay the more stress upon the active way in which she is now developing her Crown Colonies. In her relations with the Dominions her rôle is becoming a more and more passive one—in many cases, indeed, she seems to follow rather than to lead—but in this other sphere she still, we feel, possesses all the powers that go with sovereignty. That is why Great Britain, if one may make use of a business expression, seems to us a "clear proposition," and the Empire does not. But in this connection possibly we ourselves are in danger of forgetting Shakespeare's caution :—

There are more things in Heaven and Earth, Horatio,
Than are dreamt of in your philosophy.

Here, at all events, for what they are worth, are the impressions of a looker-on. They are put forward, not for the sake of any truth they may express, but because they may conceivably be of interest as showing how far a foreigner, with the best will in the world, can go astray in an attempt to understand the British Empire. But, perhaps, that in itself may serve to bring out the extent to which the British Empire is the creation of British genius.

Paris, Midsummer 1928.

THE PEACE PACT

IT now seems certain that the Peace Pact, as the agreement resulting from the Briand-Kellogg negotiations has come to be called, will be formally signed in Paris on August 27 by the Foreign Secretaries of the Great Powers and representatives of the self-governing Dominions, and that the signatories will include the parties to the Locarno treaties. It will be the most significant and far-reaching event that has taken place since the signature of the Covenant of the League of Nations. For it means not only the return of the United States to active co-operation with the rest of the civilised world for the prevention of war, but that the nations are brought into line in support of a new and dynamic idea—the outlawry of war.

It is unnecessary to follow the later stages of the negotiations which led to the agreement, though some comments will be found on a later page with regard to certain interpretative declarations made by one or two of the Powers when they announced their adherence. It is sufficient at this point to note that the original French conditions that the Pact should be open to signature by all the Powers, that the violation of its obligations by any signatory should release all the other signatories from their obligations in so far as that particular Power is concerned, and that the Pact should be recognised as fully consistent with the Covenant of the League, the Locarno treaties and the treaties of neutrality, have all been accepted.

The final form of the Pact will be found in the Appendix.

The Peace Pact

I. THE PEACE PACT AND THE COVENANT

THE Peace Pact, as was explained in the last number of THE ROUND TABLE,* is based upon the ideas of the outlawry of war school, and as such, it differs in one fundamental respect from the Covenant of the League of Nations. The Covenant provides that representatives of the member States shall meet in Assembly at Geneva at stated intervals, or when need arises, and the Council, which consists of the representatives of the Great Powers and of nine other Powers, at least once a year, for the purpose of the general discussion of world problems and the settlement of international difficulties.† It created an international secretariat which prepares their work for the Assembly and the Council. It binds its signatories to allow any disputes between them which involve a risk of war to be investigated and reported upon by the Council, or other pacific agencies, and a period which may extend to nine months must elapse before they can have recourse to war. Finally, it pledges all the signatories to enforce economic and financial sanctions and it authorises them to take military action against any member who violates his obligation to submit to investigation and wait for the prescribed report before he resorts to war, or who goes to war with any other member who has accepted a unanimous report by the Council after investigation. But the Covenant does not prohibit the use of war as an instrument of national policy. It recognises it as still constituting the *ultima ratio regum*, as the following paragraph of Article 15 makes clear :—

If the Council fails to reach a report which is unanimously agreed to by the members thereof, other than the representatives of one

* THE ROUND TABLE, No. 71, June 1928, p. 461.

† It has become an understood thing that the Assembly shall meet every year in September and the Council actually meets four times a year.

The Peace Pact and the Covenant

or more of the parties to the dispute, the Members of the League reserve to themselves the right to take such action as they shall consider necessary for the maintenance of right and justice.

The outlawry of war school have consistently objected to the Covenant on two grounds. First, because it recognises war as a legitimate method of settling international disputes (except when the Council reaches a unanimous decision, which is accepted by one of the parties to the dispute), and secondly, because members of the League are required to apply "trade and financial" sanctions and authorised to use war as the means of enforcing their rights under the Covenant. The Locarno Pact, indeed, makes military sanctions compulsory in certain contingencies for the purpose of enforcing its terms. This "legalisation" of war must, they say, in practice nullify all the rest of the Covenant, however elaborate the provisions to ensure peace. So long as the use of war as an instrument of national policy remains legal, so long as war is regarded as a normal method of enforcing international obligations, the nations will, they are convinced, prepare for war, war psychology and the war atmosphere will remain, and war itself will, in the future as in the past, in fact continue to dominate and to devastate the world. The only foundation, in their view, upon which a real organisation of the world for peace can be successfully built up is the "outlawry" of war altogether.

This conviction of the outlawry school is, we believe, unquestionably right. The position they take up is, in effect, that the problem of international peace can only be successfully solved by applying to it exactly the same fundamental idea as constitutes the basis of peace within every civilised community in the world. This basis, in Great Britain, the United States, France, Germany or any other State, is that the use of violence as a way of settling disputes or accomplishing anything is entirely renounced and forbidden, that individual citizens and groups of citizens

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are legally bound to solve their disputes or to effect any alteration in the conditions of their social life that they may desire by pacific means—*i.e.*, by resort to the law courts or to the legislature, where the issue will be decided by reason and justice, and not by the might of the stronger party, and the police and the army are ever ready to see that violence does not prevail and to ensure the reign of law. This was the basis of the *Pax Romana*. It is equally the basis of the *Pax Britannica*. The real foundation of the British Commonwealth, a political organism which keeps the peace among 450,000,000 people of almost every known race, colour, religion and language, is that war is outlawed within its borders. This fundamental method is, indeed, the only way in which peace has ever been maintained anywhere on the earth's surface since time began.

The Peace Pact and the Covenant of the League taken together would apply this same idea to the whole world. The Peace Pact outlaws war. The Covenant creates an elaborate mechanism for the pacific settlement of international disputes: it also recognises that the use of force is necessary in some form or other for police purposes if pacific modes of settlement are to prevail. If the ideas of the Peace Pact and of the Covenant can be harmonised—and that event is still a long way off—the foundations of the temple of international justice and so of international peace will have been well and truly laid.

II. INTERPRETATIVE DECLARATIONS

THE signature of the Peace Pact is, of course, only a beginning. An immense amount will have to be done to implement it before the outlawry of war and the reign of true international law can be said to have begun. Before, however, we proceed to consider the problems involved it is necessary to devote some attention to the interpre-

Interpretative Declarations

tative declarations of the meaning that they attach to the Pact which have been made by the American, British and French Governments.

The first point relates to the right of self-defence. It was raised by M. Briand, and dealt with by Mr. Kellogg in a speech before the American Society of International Law as early as April 28 last, and what the American Secretary of State then said was afterwards quoted by him in the official despatch, under cover of which the final draft of the Pact was circulated for acceptance by the other Powers. Mr. Kellogg's words were as follows :—

There is nothing in the American draft of an anti-war treaty which restricts or impairs in any way the right of self-defence. That right is inherent in every sovereign State, and is implicit in every treaty. Every nation is free at all times, and regardless of treaty provisions, to defend its territories from attack or invasion, and it alone is competent to decide whether circumstances require recourse to war in self-defence. If it has a good case the world will applaud and not condemn its action.

Express recognition by treaty of this inalienable right, however, gives rise to the same difficulty encountered in any effort to define aggression. It is the identical question approached from the other side. In this respect no treaty provision can add to the natural right of self-defence. It is not in the interest of peace that a treaty should stipulate a juristic conception of self-defence, since it is far too easy for the unscrupulous to mould events to accord with an agreed definition.

It has been said that this interpretation, emphasised by the British, French, and other Governments, nullifies the value of the Pact. It is certainly true that there has never been a war in which every party did not plead that it was acting in self-defence, and it is easy for any Power, whenever there is a menace of war, to plead self-defence as the justification for any action that it may take. On the other hand, the right to repel an attack is a legal right not only of nations but of individual citizens in civilised States, and the retention of such a right need in no way impair the value of the Pact. The essence of the distinction lies in

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this. Inside civilised States every individual has the right to defend himself against attack, but he has none to indemnify himself for damage done, or to impose his own settlement of the dispute, by force. After repelling the attack he must still submit the issue and the question of damages to impartial adjudication and justify his own use of violence. So it ought to be with the nations under any system which outlaws war. Mr. Kellogg's reservation is obscure. It says that every nation is free at all times "to defend its territories from attack and invasion." That in itself is harmless. But he also says, as other Powers say, that "it (*i.e.*, such a nation) alone is competent to decide whether circumstances require recourse to war in self-defence." That sentence in itself is capable of being read in such a way as to nullify the whole Pact. The question of self-defence obviously requires clearing up. The solution, however, is not to redraft the reservation about self-defence, but to make it clear that even in the event of a forcible collision in the name of self-defence, in the final resort the verdict is to be determined not by the might of the stronger but by pacific means in which reason and justice, impartially applied, are the deciding considerations.

It is much the same with Sir Austen Chamberlain's reservation about the special regions in which the British Empire has a vital interest. Sir Austen's actual words were as follows:—

The language of Article I, as to the renunciation of war as an instrument of national policy, renders it desirable that I should remind your Excellency that there are certain regions of the world the welfare and integrity of which constitute a special and vital interest for our peace and safety. His Majesty's Government have been at pains to make it clear in the past that interference with these regions cannot be suffered. Their protection against attack is to the British Empire a measure of self-defence. It must be clearly understood that his Majesty's Government in Great Britain accept the new treaty upon the distinct understanding that it does not prejudice their freedom of action in this respect. The Government of the United States have comparable interests any disregard of which by a foreign Power they have declared that they would regard

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as an unfriendly act. His Majesty's Government believe, therefore, that in defining their position they are expressing the intention and meaning of the United States Government.

This reservation clearly refers to the Suez Canal, the Persian Gulf and to territories for whose government, though they are not actually part of the Empire, Great Britain is responsible. In so far as the meaning of Sir Austen's words is—and this in all fairness seems to be their obvious interpretation—that the British Government would regard "interference with these regions" by other nations as a violation of the Pact giving it the right to use force for "their protection against attack," the reservation is harmless. But in so far as they are capable of being held to give Great Britain the right of using war as an instrument of her national policy in order to alter the boundaries of, or to extend these regions, they would obviously nullify the Pact. The Foreign Secretary on July 30 told the House of Commons that his reservation was "a pure measure in self-defence." The further question of how far this reservation would warrant Great Britain in resisting legitimate demands for the right of self-government by peoples for whose welfare she has made herself responsible in those regions will be discussed later.

The last interpretative declaration, made by all the European Powers, relates to the Covenant and the Locarno treaties. This question is one that has already been discussed in this Review.* Are the Covenant and the Locarno treaties primarily instruments for the settlement of international disputes, or are they primarily instruments for the enforcement, if need be by war, of the treaties of peace? The French, the Belgians, and the Powers of the Little Entente have hitherto, on the whole, taken the latter view. Great Britain, Germany and the neutral States of Europe have, on the whole, taken the former one. In our opinion the

* THE ROUND TABLE, No. 71, June 1928, p. 463.

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signature of the Peace Pact will greatly simplify the problem by dispelling the antithesis between the two. For the essential consequence of the Peace Pact must be that nations renounce the right to resort to war to alter the *status quo* created by the treaty, but they reserve the right to try to alter it by pacific means, *i.e.*, by the means prescribed by Article 19 of the Covenant and Article 2 of the Pact. Both the Covenant and the Peace Pact, therefore, are, in effect, guarantees that the treaty settlement will not be altered by war. But the value of these guarantees clearly depends upon the effectiveness of the procedure which is set up for making such alterations in the treaties as reason and justice may show to be necessary by peaceful means, for if there is no effective peaceful alternative to war, war itself will in due course inevitably reappear.

III. SOME CONUNDRUMS

IT is obvious that if the new movement for the outlawry of war which has been launched by the Peace Pact is to be really effective, the nations will have to do three things. They will have to prohibit and renounce the use of war as a way of settling or of accomplishing anything in the international sphere. They will have to create alternative means, judicial and political, by which international disputes and problems of every kind can be quickly settled in accordance with reason and justice. And, thirdly, they must be prepared to maintain and to use force in some form for police purposes. This force, indeed, ought to be such that no nation, however strong, could hope to be able to take the law into its own hands and to impose its will by violence instead of resorting to pacific modes of settlement.

The Peace Pact—as we have already said—is only a beginning. There is clearly a very long road to be travelled before the reign of law, the goal which it sets before us, can be reached in practice. Its supreme value is that

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for the first time in history it unites all the most civilised nations in an effort to establish peace in the international sphere on the same principle as has at all times preserved it within civilised States. It may be useful, therefore, in conclusion to examine briefly some of the problems which lie ahead.

(a) *The Pacific Alternative to War*

The first and most obvious problem is to make Article 2 of the Peace Pact, *i.e.*, the undertaking to use only pacific methods for the settlement of international disputes, effective. War in modern times is not usually due to predatory or malignant motives. It is the inevitable method which nations adopt to remedy an intolerable evil or to achieve what they believe to be a rightful aim, when no other way of effecting either purpose seems to be possible. If respect is to be ensured for Article 1 of the Pact, *i.e.*, the renunciation of war, it will only be because an alternative procedure has been developed which will in practice result in the righting of wrong and the alteration by pacific means of the political structure of the world in such ways as time may show to be necessary sufficiently promptly to leave no nation with any justification for trying to take the law into its own hands. The renunciation of war will have no effect if it simply proves to be a way of stabilising the *status quo* and of resisting all progress and attempts to get grievances remedied.

The Covenant of the League creates an elaborate and well-designed machinery for the pacific settlement of international disputes between its members. This machinery includes the Court of International Justice at the Hague for the trial of justiciable questions, and it provides for arbitration, conciliation, mediation, or investigation and report by the organs of the League. When the outlawry of war is added to this list the League machinery will be wonderfully complete. But the Kellogg proposal contains no indica-

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tion of what the United States proposes to do to make Article 2 effective. She has signed the Bryan treaties, by which she binds herself to submit disputes with some twenty-one other nations to an international commission for investigation and report. She is, therefore, committed to the same general procedure as is made use of by the League. But it would be a profound mistake to suppose that the ratification of the Pact means that the United States proposes to join the League of Nations, or to take any other dramatic step forward in international association. Ratification must inevitably lead to a re-examination by public opinion in the United States of its attitude to existing international organisations. But all the evidence goes to show that ratification will not mean the acceptance by the United States of the responsibility for solving the internal problems of Europe which was so decisively rejected at the polls in 1920. The United States is much more likely, after the fashion of English-speaking peoples generally, to reject legal and constitutional commitments of any kind and to feel her way towards active co-operation in the pacific settlement of international questions, as opportunity and necessity dictate from time to time. The eventual outcome of the Pact may even be some regional reorganisation of the League system under which Europe, the British Commonwealth, Pan-America, and the Orient would become separate regions primarily responsible for their own affairs, and the World League would only take cognisance of world problems or of threats of war—for war, wherever it may break out, is a world concern.

(b) *Sanctions*

The most difficult problem, however, relates to what have come to be known as sanctions. All history has hitherto shown that while the basis of civilised peace is the voluntary obedience of citizens to the law, the reign of

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law crumbles and disappears unless compulsion is brought to bear upon the minority which would otherwise ignore or disobey it. Police force—and sometimes it has to be backed up by military force—has never yet been dispensed with in human society. Nor is there any reason to suppose that the outlawry of war or the Covenant of the League will make unnecessary the use of force in the international sphere. The problem of finding a sanction for international good conduct and therefore for the security of the member States of the international family is the root problem of international peace. If it could be solved the establishment of international judicial and political organisms, which would command respect and so make armaments and the residuary right to use them superfluous, would be comparatively simple.

The importance of the question may be shown in two ways. It is precisely because war is the ultimate court of appeal that international problems are so difficult to solve to-day. In every international dispute there are two separate and conflicting questions. One is the merits of the case; the other the effect of any proposed solution on the balance of power or the strategic security of the different nations. The provisions forbidding the *Anschluss*—the union of Germany and Austria—were inserted in the Treaty of Versailles not because anybody wanted to prevent Austrian-Germans and German-Germans from becoming one political family, but in order to prevent six million Austrians from being added to the potential military strength of Germany, and the military frontier of Germany herself from being pushed forward into the heart of the Balkan peninsula, which would enable her to dominate the whole of Eastern Europe. The reason why Great Britain or the United States or France view the acquisition of territory across the seas by Germany, Italy or Japan with the utmost suspicion is not because they object to their obtaining outlets for their surplus population, but because such territories might be used as naval or military bases, and

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so alter the balance of power or their capacity to make sure that if an international problem should be put to the test of war, their will and not that of their opponents would prevail.

Again, the real basis of the political stability of Europe to-day is not the League of Nations but the fact that there is an overwhelming superiority of armaments in the hands of France, Italy and the Little Entente behind the political settlement made in 1919, with the Locarno obligations of Great Britain in the background. The only alternative to the system of peace which depends on the preponderance of one side or the other—a very precarious system at the best—is a true balance of power such as existed before the war and ended with the war, or else an effective guarantee that the constitutional *status quo* cannot be successfully altered by war but only, if reason and justice show it to be necessary, by pacific means—in other words, by the method implicit in the outlawry of war.

The core of the problem of how the Peace Pact is to be made effective lies, therefore, in finding the means by which the nations can be given a real guarantee that international problems affecting themselves shall not be settled by war, for only in so far as this is done will it be possible to ensure their being fairly and wisely settled by pacific means. It was the Locarno guarantee by Great Britain and Italy which alone made effective the other Locarno treaties pledging Germany, France, Belgium, Poland and Czechoslovakia to settle their disputes only by pacific methods. As Sir Austen Chamberlain said on July 30, it will be the knowledge that the United States intends to throw her whole strength into the scale against the successful use of war as an instrument of national policy which will make the Peace Pact effective.

That leading people in the United States are beginning to recognise this to be true may be seen from a statement made by Senator Borah, the Chairman of the Foreign Relations Committee of the Senate, to the *New York*

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Times (March 3, 1928). One important result of the proposed treaty, said the Senator,

would be to enlist the support of the United States in co-operative action against any nation which is guilty of flagrant violation of this outlawry agreement. Of course, the Government of the United States must reserve the right to decide in the first place whether or not the Treaty has been violated, and, secondly, what coercive measures it feels obliged to take. But it is quite inconceivable that this country would stand idly by in the case of a gross breach of a multilateral treaty to which it is a party.

It is quite certain, however, that the United States will not commit herself to use force as a sanction at the bidding of a treaty or of international law. The whole tendency inside the League since 1920 has been for members to emphasise the fact that whether a nation is under a moral obligation or not to take part in military sanctions is a question which it must be free to decide for itself. France and the beneficiaries of the 1919 treaties have tried to make sanctions compulsory, because such sanctions would guarantee their own security and position. But all other nations, including Great Britain and the Dominions, have consistently rejected this obligation, except to the extent that Great Britain assumed it when she signed the Locarno treaty. The sanctions problem will only be solved by experience. No nation will now bind itself in advance to go to war.

The real reason for this hesitation about sanctions is that we have still to find a "pacific" mode of coercion corresponding to the use of the police within the State. Hitherto, the coercion of one State by another has spelt war. But how are we going to preserve the peace of the world by undertaking the obligation to go to war, even as a police measure? That has been the doubt which has caused so many misgivings about Article 10 of the Covenant, which prompted the opposition to the Protocol and even to the Locarno guarantee, which has done so much to keep the United States out of the League and

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which will certainly prevent her from undertaking any formal or legal obligation to use military or naval sanctions to make the Peace Pact effective. Yet the problem is not solved by ignoring it.

Here are two possible ways put forward. The first is to explore all the methods of putting pressure on an outlaw State which can be made effective without recourse to military violence. The second is that the great nations should make it clear that they will never ratify any decision which has been reached by violence, but only decisions which have been reached by pacific and constitutional means. This is, however, an immense subject which cannot be further discussed here. But the basis of peace within the State is not that violence is never used, but that it is never successful, because in the last resort it is the law courts and the legislatures, and not the parties themselves, which decide.

(c) *The Naval Problem*

Not the least important aspect of the Peace Pact is the effect which it will have on the naval problem. Indeed, it provides the only basis upon which the difficult naval issue between the United States and Great Britain can be solved. Reduced to its basic elements that issue does not relate to prestige or parity, but to security and prosperity. For two centuries the security and prosperity of Great Britain have depended upon her being able to assure the freedom of her own trade in peace and war. Because she has been an island while all her neighbours have been continental Powers with land frontiers to guard, she has been able to maintain a paramount navy. To-day, however, the United States has reached a point in her own economic development in which her prosperity, though not her security, is becoming dependent upon her being able to ensure the freedom of her own trade in peace and war.

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She too has no land frontiers to consider, and so can concentrate on sea power. The two States have now agreed in principle upon parity in naval strength. But so long as each has the right under international law to use its navy as an instrument of its national policy it has the right to interfere with neutral trade and therefore to endanger the prosperity or the security of the other, whenever it chooses to go to war.

So long as that right exists it is difficult to see how any stable basis of naval agreement between the United States and Great Britain can be found. But the ratification of the Peace Pact will alter the whole situation. In the first place, each will renounce the right to use its navy as an instrument of its own national policy. In the second place, in so far as it uses it for other purposes than to repel aggression, it will lawfully only be able to employ it to prevent an outlaw State from using war successfully as an instrument of its own policy, and so compel it to resort to pacific methods of settlement. If both nations live up to the Pact, it must mean not only that they will settle all their disputes by pacific means, but that the main purpose of their naval armaments will be to serve as an ultimate police guarantee that war shall cease to be the arbiter of international disputes and that pacific means shall be invoked instead. On that basis agreement as to the number and tonnage and gunnage of a reduced naval armament should not be difficult to reach.*

*The terms of the new naval agreement between France and Great Britain have not yet been made public. But the method of arriving at special agreements between two nations before a general conference is highly objectionable, and was one of the most dangerous features of pre-war diplomacy. The vehement suspicions which have been aroused in the United States, Italy and Germany by this agreement, like the animosity aroused elsewhere by the recent "advertising diplomacy" of the United States in China, is surely evidence that "round table" diplomacy is infinitely preferable and infinitely less dangerous than methods which lend themselves to the accusation of lobbying and intrigue.

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(d) *War and Police Force*

How then is a distinction to be drawn between war and the legitimate use of force? The use of police force may be necessary, as it was certainly necessary at Shanghai a year ago, when the dispatch of troops and warships was the only guarantee against the looting of a great international city by an excited and undisciplined army. The use of force has been necessary in the past to deal with chaos, anarchy and violence in Asia, Africa or Central America. The threat of force has often in the past been the only way of making semi-civilised or even civilised nations behave in a civilised way in dealing with their neighbours, or fulfil their obligations under some international treaty or law. Though the necessity for the use of force on such occasions ought to become increasingly rare, as the standards of international dealing improve, it is futile to pretend that they are not likely to arise from time to time. When is the use or the threat of force justified?

The distinction between war and the use of force for genuine police purposes is surely plain. War is the use of force as an instrument of national policy. Police work is the use of force to exact respect for international law, or to compel an outlaw to desist from violence and to have recourse to pacific means of settlement, or to maintain the elementary conditions of law and order. It will not always be easy to decide where the exact line should be drawn in practice. But in principle the line is clear and, if the Peace Pact is really implemented, the question of where that line should be drawn will be gradually settled by world opinion in the light of experience. In actual practice, the best kind of security will probably prove to be the development of the mandatory idea, that is to say, that any nation which sets out to use force for police purposes should have to account for its action to its fellow nations.

Conclusion

(c) *Big and Small States*

It is the same with the problem of large and small States. There has been a good deal of cynical comment in the press of the smaller nations and of Asia to the effect that the Peace Pact is a conspiracy by which the Great Powers are taking the right to share the control of the world between themselves. There is a sense, of course, in which this is true. One of the main reasons of the good behaviour of the nations in the past has been the fear of war. If that fear is removed their behaviour may undergo a change for the worse. The best protection against such abuse of power by the Great Powers would seem to be what has been called "international accountability." There is, indeed, much to be said for adding another clause to the Peace Pact to the effect that every nation "renounces the right to interfere in the internal affairs of any other State in the interest of its own national policy." That is the principle of trusteeship which, after long struggles, has now been adopted as the basis of British policy in dealing with backward peoples. It is the principle incarnate in Article 22—the Mandates clause—of the Covenant. As a statement of the general principle to which the Powers should conform it seems as unexceptionable as the two existing Articles of the Pact.

IV. CONCLUSION

WHERE the Peace Pact will eventually lead us no one is likely to venture to predict. It is to-day but a form into which life has still to be breathed. But, if it is to fulfil the expectations which have been aroused, it will be because the nations more and more come to see that it is not a mere gesture of good will and good intentions but a fresh start on the principle that the only road to lasting international peace consists in finding the means of

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applying in the international sphere the same principle as underlies the maintenance of peace in every civilised State, though the methods of applying that principle have still to be found.

The immediate problem, however, is to secure the ratification of the Pact in its present form. Before that can be done it will have to pass the scrutiny of the member States of the League of Nations in their Assembly at Geneva and of the Senate of the United States. In both some opposition is likely to manifest itself; in Europe because the general renunciation of war may seem to endanger existing methods of achieving security or even of accomplishing national ends; in the United States because Article 2 may open the way to a renewed entanglement in European affairs. It does not, however, seem likely that the opposition will in either case succeed. To reject the Pact would be to plunge the nations back into a new competition of armaments and a certain step towards another world war. To accept it may mean new responsibilities and risks, but it may also mean a long step towards the permanent abolition of the most terrible scourge of man.

APPENDIX

THE PACT IN ITS FINAL FORM

The President of the United States of America, the President of the French Republic, His Majesty the King of the Belgians, the President of the Czechoslovak Republic, His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, the President of the German Reich, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Poland.

Deeply sensible of their solemn duty to promote the welfare of mankind; persuaded that the time has come when a frank renunciation of war as an instrument of national policy should be made, to the end that the peaceful and friendly relations now existing between their peoples may be perpetuated;

Convinced that all changes in their relations with one another should be sought only by pacific means and be the result of a peaceful and orderly process, and that any signatory Power which

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shall hereafter seek to promote its national interests by resort to war should be denied the benefits furnished by this Treaty ;

Hopeful that, encouraged by their example, all the other nations of the world will join in this humane endeavour and, by adhering to the present Treaty as soon as it comes into force, bring their peoples within the scope of its beneficent provisions, thus uniting the civilised nations of the world in a common renunciation of war as an instrument of their national policy ;

Have decided to conclude a treaty, and for that purpose have appointed as their respective plenipotentiaries : . . . Who, having communicated to one another their full powers, found in good and due form, have agreed upon the following articles :—

ARTICLE I.—The High Contracting Parties solemnly declare, in the names of their respective peoples, that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another.

ARTICLE II.—The High Contracting Parties agree that the settlement or solution of all disputes or conflicts, of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means.

ARTICLE III.—The present Treaty shall be ratified by the High Contracting Parties named in the preamble in accordance with their respective constitutional requirements, and shall take effect as between them as soon as all their several instruments of ratification shall have been deposited at . . .

This Treaty shall, when it has come into effect as prescribed in the preceding paragraph, remain open as long as may be necessary for adherence by all the other Powers of the world. Every instrument evidencing the adherence of a Power shall be deposited at . . . and the Treaty shall, immediately upon such deposit, become effective as between the Power thus adhering and the other Powers parties thereto.

It shall be the duty of the Government of . . . to furnish each Government named in the preamble, and every Government subsequently adhering to this Treaty, with a certified copy of the Treaty, and of every instrument of ratification or adherence. It shall also be the duty of the Government of . . . telegraphically to notify such Governments immediately upon the deposit with it of each instrument of ratification or adherence.

In faith whereof the respective plenipotentiaries have signed this Treaty in the French and English languages, both texts having equal force, and hereunto affixed their seals.

Done at . . the . . . day of . . . in the Year of Our Lord, one thousand nine hundred and twenty . . .

CHINA IN 1928: A BIRD'S EYE VIEW FROM THE SCENE

THE year 1928 sees the end of the first stage of the Chinese Revolution. In the seventeen years that lie between the fall of the Manchus and the Nationalist entry into Peking, China has been engaged in liquidating the Imperial estate; and only now can it be said that the Nationalist movement has come into its own. The period of militarism, which only the optimist will declare now closed, was a necessary part of the establishment of the Republic. The war lords were the legacy, in part of the Manchu régime, and in part of Yuan Shi-kai's abortive Cæsarism; and until they were removed the Republicans could not even begin to make the Republic. When Chang Tso-lin left Peking the last of the authentic tuchuns disappeared, and the remaining figures in north China—Chang Tsung-chang, Chu Yu-pu, Sun Chuang-fang—were but isolated units soon to be submerged in the tide that had swept him away.

There are, indeed, militarists in the centre and south, but they cannot be regarded as authentic: for they are encompassed by a movement which derives its force from a political motive, and their power to survive depends less on their armies than on their relations with the political world around them. To this generalisation one important *caveat* must be added. Of the three major figures on the present stage, only one—Chiang Kai-shek—is the direct offspring of the movement, being the sole military leader who derives his power from the Kuomintang, which is

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the expression of nationalism as a political force, and not from the control of a province or the possession of a personal army. The other two—Feng Yu-hsiang and Yen Hsi-shan—are men of the north who, but for the growing power of the political (*i.e.*, civil) factor in the Revolution, might have still been reckoned among the authentic war-lords. Feng, to be sure, still plays the part of Dr. Jekyll and Mr. Hyde in the drama of Chinese nationalism; but it must be said that the militarist Mr. Hyde in him is losing ground every day; while Yen, on the other hand, remains what he ever was, a moderating and stabilising factor in north China. Neither is a free and irresponsible agent, and both recognise not only the invisible power of nationalism as a movement, but also the authority of the Political Council in Nanking which is its visible embodiment. So much is this the case that Yen Hsi-shan in Taiynanfu (Shansi), and Feng Yu-hsiang in Kaifing (Honan) have consented to the creation of branch political councils in those cities which are the subordinate organs of the supreme Council in Nanking. To complete the picture of these councils, which are in fact the forerunners of a new Chinese federalism, we may note that identical branch councils have been set up in Canton (for Kwangtung and the south) and in Hankow (for Hupeh and central China). These are elements of cohesion and the visible proof of a desire to be coherent.

Nor are other proofs wanting. There is widespread evidence of a longing that war should end and of the desire to exploit the opportunities of peace. Every manifesto speaks of the approaching end of militarism in accents of relief and hope; and even the military men promulgate plans of disbandment and reconstruction. The unification of China actually means to thousands of aspiring Chinese a great test and a great opportunity. It is the purpose of this article to endeavour to estimate the prospect which they have of realising even the most modest of their hopes.

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I. THE MILITARY CHIEFS

IN the attempt to relate the story of this summer's events, it is not easy to find a starting point which is not purely arbitrary. There is a certain continuity in the history of the past three years which grows more significant as the lesser incidents fall into the background and the greater emerge into something like the true perspective of history; and to preserve alike the continuity and the perspective may be impossible if we lay too great an emphasis on any one occurrence. The hundred days that lie between Easter and midsummer, none the less, form an almost self-contained period, for it was just before Easter that the northern expedition began in earnest and by midsummer it had achieved its purpose. Among the crowded events that fill this time two are important above all others: the taking of Tsinanfu by Feng Yu-hsiang on Tuesday, April 24, and the evacuation manifesto issued by Chang Tso-lin in Peking on June 2. The first made the second inevitable; and the only uncertain factor was that of time. If the clash with the Japanese early in May had produced more serious consequences, and if subsequently Marshal Chang had chosen to make a determined stand in defence of Peking, the final result might have been postponed, but it would not have been avoided. Chang Tso-lin fell because the ground beneath him was rotten, because he represented no cause but himself, and because the oncoming force could not be defeated by any weapon he possessed. He went out with dignity and applause and leaves—in the foreign mind at all events—the memory of a man of rough ways and strong character, battling with a situation for which a personality much greater than his was necessary. His last words in Peking were noble and direct, and it must be confessed that his manner of leaving the capital was perhaps the best thing in his stormy career. Be it said

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here that the bomb outrage which ended his life was a piece of tragic irrelevance in the whole drama, and of its effects something is said below. The contrast between the exit of the old order and the entry of the new was marked. An observer thus describes the scene when Shang Chen, in command of the advance guard of Yen Hsi-shan's army, entered Peking.

The Revolution entered Peking through the Changyi and Yungting gates as the old order went out by the Chaoyangmen, and the manner of their coming and going constitutes one of those ironies of history, which make the march of men and nations through time more fascinating by far than the most fantastic works of fiction. The new forces stirred the dust of the streets where but lately (as time counts in China) the symbolical yellow sand had been strewn. The puppets and Destiny shambled along wearily, dusty, dishevelled, undisciplined—mere striplings and aged men, some in uniform, some without, some armed, some unarmed, bearing a device strange in the city of dynasties, the white sun on the blue ground, almost as bedraggled as the men who bore it. There was no throbbing of drums, no playing of a triumphal march.

There was something symbolical in this absence of blatant fanfare over a city that was neither defended nor captured; and it was therefore not really extraordinary that the fall of Peking made so little stir. It was, in a sense, discounted beforehand, and it came as the result of no smashing victory. It ought to have been a historic moment, but the political uncertainty that hung over the future robbed it of glamour, and the chief thought of the hour was that the triumph of the Revolution brought with it problems greater than any that the Nationalists have hitherto faced. And no wonder! The white sun hoisted in Peking on June 8, in Tientsin on June 12 was, and is still, an emblem without a history, a flag whose colours have but few memories and little heroism to hallow them. And all's yet to do.

Now, since the northern expedition was launched in the early spring there has been a distinct change in the relative

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positions of its chief leaders: Chiang Kai-shek, Feng Yu-hsiang and Yen Hsi-shan, with Pei Chung-hsi (of Hankow) and Li Chai-sum (of Canton) as quiescent but watchful allies. The expedition itself was vital to Chiang Kai-shek, for without it he had neither function nor prospects; and its success ought to have made him the supreme figure. But fate and Feng ordained otherwise. Feng moved quicker than Chiang, and the superior mobility of his Kansu Mahomedan cavalry enabled him to reach and capture Tsinanfu (April 24) before the main body of the Nationalist armies could arrive. Feng was thus in Tsinan at least seven days before Chiang's advance guard; and this success, combined with his growing influence in Nanking political circles, set Feng's star in the ascendant. Thus the prospect was that, instead of leading a victorious army into Peking, Chiang Kai-shek would be on Feng's rear and liable to be forced out of the picture unless Feng would recognise Chiang's superior position as Commander-in-Chief of all Nationalist armies including his own. The situation created deep depression among the Nationalists in Shanghai and Nanking where the rising power of the erstwhile Christian General was viewed with alarm. The clash with the Japanese army in Tsinanfu made matters worse, and Chiang Kai-shek withdrew to Hsuechow, and eventually to Shanghai, where he announced his resignation. All through June he remained in a state of suspended animation, but whether he was sulking or merely awaiting the tactical moment no one could say. He has done everything to forfeit the leadership that once was his, but still retains a very large following despite his pusillanimous conduct in May. No one who knows the utter inconsequence of Chinese affairs will attempt to predict where he will be when this article appears; but in any other land he would be dead and damned. At the moment of writing he is making his entry in subdued triumph into Peking, nearly a month late; and still acts and talks as Commander-in-Chief.

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Meanwhile Yen Hsi-shan was instructed to push on to Peking in order to forestall Feng. Yen is regarded as the more reliable of the two, and has a good record in Shansi. He occupied Peking early in June, and was welcomed with open arms. Throughout that month, in the critical period of the change of régime, he kept order and proved that life and property were as safe under him as under the Manchurian marshal. But he is a sick man, and it is doubtful whether he can play the moderating part which his talents and his career alike would lead us to expect from him. Both Yen and Feng, as we have seen, accept the nominal supremacy of the Political Council in Nanking, and there is little doubt that Yen will co-operate in the further establishment of the civil power if his health allows him to take an active share in events. But Feng holds the key: the man of the moment, with a chequered past and an enigmatic future. The son of a mason in Honan, he had no education, became a soldier at sixteen, served always in the north, seized every opportunity that came his way, until he has made himself the arbiter of the Revolution north of the Yangtse. What he knows he has taught himself, and what he thinks few men know. He is not to be explained merely as the villain of the piece, nor as the altruist of missionary legend. His many "treacheries" have earned him the name of the "triple traitor," but names in politics are worthless labels; and though there is no smoke without a fire, Feng has stalwart friends among those whose judgment is good, and they can point to his undoubted qualities of leadership, discipline and straight living. It is not really material to the issue to decide whether he is a Christian or not, for Christianity in his case would have to be reckoned in terms, not of ethical principle, but of his natural character, which is that of a peasant of limited outlook, shrewd, hardy, suspicious, and unable to judge the larger consequences of his acts. He seems to be both obstinate and amenable to the influence of men of greater experience—

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a not uncommon contradiction—and his actions, during this chaotic interlude between militarism and reconstruction, will be guided, if not decided, by the company he keeps. Russian influence is still strong in his entourage, but other influences are at work about him ; and it is not too much to say that the most significant struggle now going on is, not the civil war, but the fight between Red and anti-Red over the mind of Feng. As this article is not a chapter in prophecy, no forecast is made of his next move.

Besides him, there is the group known as the Kwangsi generals, who may be expected to play a part in the making of history this summer. They are affiliated to Nanking, but distrustful of Chiang Kai-shek, and they, in their turn, will make a bid to control the government if events favour them.

The next step is a conference of military leaders, which will be held early in July. The generals will meet to discuss the results of their success, to make plans for demobilisation (if they can agree to reduce their troops), and to advise the Nanking authorities on various urgent questions. That is, so to speak, the agenda ; but the real business will be to allot the prizes of war to the winners, and in the process the rival chiefs may fall out among themselves. It is possible that they will agree to transform themselves into civil governors and accept a federal arrangement which will provide a working basis of co-operation between Nanking and the provinces. That is certainly the intention of Nanking. It is, indeed, the only condition in which Nanking can continue to exist ; and if it is carried out China will at last be free from civil war on a national scale. Local feuds will continue, as in Szechuan : the Communists will hatch plots : a banditry will still ravage wide areas : the railways will still function lamely, if at all ; and in fact, the revolutionary leopard will not change his spots in a night. But the era of civil government will have dawned, and the widespread desire for peace and reconstruction will begin to be satisfied.

A Geographical Survey of the Situation

II. A GEOGRAPHICAL SURVEY OF THE SITUATION

THE Nationalist flag now flies over eighteen provinces within the Great Wall, and it looks as if at no great distance of time it will be hoisted also in the three eastern provinces outside the Wall, for Manchuria is growing more Nationalist every day. The whole area, within and without, can be divided into four regions; and some account of these will help to reveal certain important factors in the problem which now confronts the Revolution. These four regions are the South, the Centre, the North and Manchuria.

The South, after five years of war and rapine, enjoys a respite. The boiling pot of agitation is simmering down to normal; and, though the pot itself is still too hot to touch in some places, there is comparative peace. Propaganda and the armies have moved to the North; the severe blood-letting of 1926-1927 has probably passed its climax; and the constructive party is at work. In Kwangtung, Li Chai-sum is in power again, though some parts of the province are still in the grip of the Communists, and his authority is limited to the area round Canton. Both Kwangtung and Kwangsi pray to be left alone to recover. They are building roads, turning to education, planning railways and wireless; and if demobilisation can be carried out so as to prevent the whole region being over-run by armed bands, the South may claim to be in sight of the end of militarism. But there cannot be an established peace until the Communist cells in Swatow and Hailung and the nest of pirates at Bias Bay have been smoked out, and these operations will entail the maintenance of considerable armed forces for some time to come.

The Centre, *i.e.*, the Yangtse basin, is struggling out of the grip of militarism, and shows signs of a desire to

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follow the lead of the South in reconstruction. Nanking has promulgated programmes of reform; an educational conference representing seven provinces recently sketched ambitious plans of advance; there is much talk of the problems which the People's National Conference must solve; and so on. But all plans await the final political result of the northern expedition, and the Nanking Government itself does not know what the morrow will bring forth. The Kuomintang has lost much of its old energy and fears Communist penetration so much that it has closed its lists to new members. Personal intrigue is rampant, and the all-pervading air of uncertainty prevents constructive minds from setting to work. None the less, some real work is being done, and no one can go about in Shanghai and Nanking without realising that the Chinese believe, and try to act on the belief, that a new era has dawned. The whole atmosphere has greatly improved, and there is a real possibility of co-operation between Chinese and foreigners. The Nanking Government is still the most considerable power in China, and given freedom from disturbance, it may make good its claim to be the national as well as the Nationalist authority; but, after weighing all factors, the conclusion of the matter is that middle China is extremely unstable, and that the centre of gravity may shift to the left before the summer is out.

The North may almost be included in the same description now. The process of liquidating militarism has still far to go before it is complete, and Nanking's claim to control Chihli and Shantung has yet to be made good. In a sense, the North is to-day where the South was two years ago, but with a difference. Russian influence is in abeyance, though only waiting its chance somewhere in the background; the Japanese control of the Tsingtao-Tsinanfu railway places an effective check on disturbance in Shantung; and, on both grounds therefore, it is improbable that we shall see a repetition of the events of Changsha, Hankow or Nanking on anything like the scale

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of 1926. Only an outbreak of rampant Communism could make that history repeat itself; and Communism, though powerful in places, is at a heavy discount. Nationalism, as a sentiment, is as prevalent, though not as emotional, throughout the North as in any other part of China, and therefore the Nationalists have nothing but their own difficulties to overcome in the process of unifying China. What those difficulties are the whole world knows, and they are great enough without the creation of new ones. But there is a blatant wing of the movement which demands an immediate advance on Manchuria. If they have their way and Nationalist armies attempt to cross the Great Wall, the Revolution may well meet its Waterloo at Shanhaikuan. Fortunately there are enough people in Nanking who realise that the Nationalist future of Manchuria can be settled by negotiation with the Fengtien party, who have already shown signs of a readiness to hoist the white sun flag for a consideration. The danger of an armed attack on Manchuria will probably not materialise; but even without it the Manchurian problem remains the crux of China's foreign relations.

There were signs a year ago in Tokyo of the development of a new "forward" policy in Manchuria. When Mr. Yamamoto was appointed President of the South Manchuria Railway, his arrival in Dairen was heralded by a wild flourish of journalistic trumpets. Press comment, both friendly and hostile, was couched in such terms that even the soberest observers could not fail to assume that something was brewing. The excitement passed away and left the situation unchanged. During May, June and July of this year the same anticipations were provoked by the despatch of a Japanese division to Shantung, and even more by the ominous terms of the Japanese warning to China when Chang Tso-lin left Peking; but, once again, there was more smoke than fire, and even the crisis provoked by the bombing of Marshal Chang's train at Mukden passed quietly away. The truth is that the uncertainty

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which hangs over Japanese domestic politics also influences Japanese policy in China ; and the Tanaka Government is perhaps unable to do what the Shidehara Government was unwilling to do, namely, to provoke further Chinese hostility with all the international complications which might follow. Indeed, it looks at the moment as if, so far from taking strong action, *e.g.*, by proclaiming a protectorate in Manchuria, Japan would be ready to come to terms with the Nationalists even over the three eastern provinces. If the Fengtien party compose their differences with the Nationalists and thus avoid an armed conflict, Japan may accept the accomplished fact, strong in the knowledge that she can always protect her own interests in South Manchuria, by force if necessary.

This is not the occasion to discuss further the Manchurian problem on the lines of the article in the March number of *THE ROUND TABLE* ; but enough has been said to show that the events of this year have not diminished its importance. The political position is obscure, and the effect of Chang Tso-lin's death will not be clearly seen until after his funeral which takes place in August, the rites beginning on August 3 and continuing till near the end of the month. Even then the balance of power will be unstable, and the authority of the new government, or governments, will depend as much on events within the Great Wall as on manœuvres outside it. Rumour assigns to Chang Huang-hsiang, of Heilungkiang, an important rôle in the near future, and denies it to the young general, Chang Hsueh-liang, the eldest son of Chang Tso-lin, who is none the less in power in Fengtien itself. At the present moment (July 10) the post of generalissimo of the three eastern provinces is vacant, and no strong candidate for it is in the field. The Japanese attitude is watchful, cautious, anxious, uncertain ; for those behind cry, " forward " and those before cry, " back ! " *

* On July 23 it was reported that Chang Hsueh-liang had decided, on the advice of Japan, to break off the negotiations with Nanking, just when

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III. SCHOOLS OF POLITICAL OPINION

SO far the picture of China in 1928 has been drawn on geographical lines. Another and truer view can be obtained by taking the schools of political opinion that have grown up during the last few years and assigning, largely by intuitive guess-work, their respective parts to each.

Nationalist China is still a state of mind, rather than an organised political entity; but organisation grows with the need for it, and each step that carries the movement nearer the threshold of constructive action compels individuals and groups within the movement to take stock of themselves in the light of new needs. Any cast-iron division of these groups as separate units is arbitrary, and therefore in describing them by distinctive titles the following account will necessarily ascribe to them a precision of purpose and an identity which is somewhat fallacious. In one case, the Communist party's, the separate identity is obvious: in the others it is merely assumed for the convenience of this account. Roughly speaking there are four groups in the picture: the *Kuomintang*, the *Communist party*, *Young China* and the *Old Guard*. The last, which we may dispose of first, is not a group at all, but derives its importance from the undeniable authority of a number of individuals whose past careers and personal distinction give them a place in the public regard, though they are entirely out of public life. For the most part they owe their prestige to services performed, both under the Empire and under the Republic, before the Nationalist

agreement appeared to have almost been reached. Nanking had a few days before denounced the Sino-Japanese treaty, in the same way as it had already denounced the Italian, Danish and French treaties. The Japanese are willing to discuss revision; but refuse to recognise the Chinese right to bring the treaty to an end.

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movement reached its present magnitude; and it is a remarkable fact that, whether they profess nationalism or not (and most of them are political agnostics), they have retained their influence and are a power behind the scenes, especially in times of crisis. As the Republic proceeds from agitation to constructive work, as the tumult and the shouting dies, these men—or some of them—will emerge to serve China once more. On that account they must find a place in the picture now being drawn.

The *Kuomintang*, or People's National party, is the authentic organ of Chinese nationalism. Composed of conservative, radical and even Communist elements, its one source of unity is the fight for the Republic. As the day approaches when the struggle changes its character from civil war to reconstruction, the common enemy, whose presence united all sections, is vanquished, and the conflicting opinions of these sections begin to create fissures in the party. This is a normal experience for any national party on the eve of victory; but in China it is intensified by violent personal feuds and by the influence of Russia. Apart altogether from the professed Communists, there is a strong group within the *Kuomintang* which still looks to Russia; and thus the Russian factor complicates the issue now developing in the party between conservative and radical. These internal feuds sap its strength; and, for the moment, it is passing through a crisis in its fortunes. It has reached the end of one stage in its usefulness and knows not what awaits it in the next. Its abler members are aware of the danger in which it stands, and are bravely endeavouring to consolidate its forces for a renewed political effort; but they are met on all hands by personal vendettas and by the internal weakness of the party due to the usurpation of power by the military leaders. Thus it happens that, just when the *movement* has shown its greatest power and is on the eve of a new test of its constructive capacity, the *party* is sterile. Individuals within it show powers of initiative and constructive capacity;

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large groups of the younger men strain at the leash in their desire to see something done; the Political Council in Nanking still remains the central authority, but the Kuomintang, which created it, does not appear to be able to sustain the effort of transforming it into the effective government which the unification of China now requires. One of the worst features of the situation is the committee system which emasculates all responsibility and obstructs the advent of strong personalities who can and will administer their departments without fear or favour. Thus the situation is full of contradictions, undeniably rich in promise, yet overhung with the clouds of foreboding; and it depends on the temperament of the observer whether he sees in it the true dawn or only a lull in the tempest.

Out of this confusion two other forces emerge to challenge the political monopoly of the Kuomintang:—the *Communist party* and a new formation called *Chung Kuo Ching Nien Tang*, literally the China Youth party, or *Young China*.

The *Chinese Communist party*, as its name implies, is the Chinese wing of the Comintern, closely allied to the Russian Communist party, but not always able or willing to abide by the instructions of Moscow. It possesses all the driving force which the Kuomintang lacks, and it will risk everything for "the cause." Well organised, supplied with funds by Russia, it is distributed in "cells" unequally all over south China, strong in Swatow and Shanghai, but lacking an effective organisation in the North. It is preparing to challenge the Kuomintang if it cannot dominate it. It has members of its own in the inner political circles in Nanking and will probably work for the expulsion of the moderate elements in the Political Council in order to set up a Nationalist Government which, while not Communist, will be the creature of communism. The weakness of the Kuomintang makes the Communist party a real danger, for it provides it with a new opportunity; and the only obstacles—fortunately for China they are not small—which confront it are the

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widespread feeling that China has already paid too heavily for Communist propaganda, and the lassitude of the masses whom the Communist party must arouse if it is to win.

The fourth group is *Young China*. It may be regarded as the natural result of the situation described above. Nationalist in feeling, but not solely or primarily political, it interprets the Revolution as a Chinese Renaissance as well as a change of institutions, and is thus concerned with thought even more than with action. But it is no quietist sect, for it has a militant purpose, with something of the crusading spirit of the Communist whose organisation it has tried to copy. Composed of young men who find themselves between the devil of communism and the deep sea of official nationalism, it has a clear view of the realities of the situation and may be said to be the first organised expression of that genuine desire for better things which has been the most hopeful feature in the whole Chinese situation this year. Being a critic of the evil ways into which many of the Nationalist leaders have fallen, it has incurred the hostility of the Kuomintang and runs some risk of persecution, and it is not yet powerful enough to take the field openly; for, though it claims 50,000 members and is organised in effective groups here and there, it is still too poor in men, money and experience to play a public part in China. Meanwhile, it has formulated no policy, its object being to take stock of the new situation and to make a policy. If and when the People's Conference is held it may then get its first chance; and, as it looks like being the nursery of the Chinese public men of the future, it will be worth watching.

IV. THE EXTERNAL QUESTION

IN Chinese politics foreign affairs have played a very important part, and to-day every move in the domestic game is calculated as much for its effect abroad as for its

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result at home. The capture of Peking was therefore a fact of great international significance, and its consequences in the relations of Nationalist China with the foreign Powers will be at least as important as its significance for the Chinese themselves. We are now face to face with a nominally united China, and, in the manifesto of June 15, the Nanking Government pointed out that unification meant recognition—which in fact it must. Full recognition of the Nationalist Government—*de jure*—is not a problem on which we need waste our thoughts at present ; but recognition—*de facto*—may almost be said to be an accomplished fact. The precise moment at which the fact itself is advertised to the world may need careful choice, and it will probably come when the negotiations over the Nanking incident (of March 24, 1927) are completed. It is very regrettable that these negotiations have hung fire for so long, and they must be finished as soon as possible in order to clear the way for more important questions.

Recognition is not an isolated act : it implies active relations for the settlement of outstanding problems. From the point of view of real Chinese needs the maintenance of unity and the gradual increase of stability by constructive measures of a domestic character are far more important than treaty revision. But since some of the prestige and power of the new "united" Government will be derived from its recognition by, and from its treatment *of* and *by*, foreign Powers, it is plain that recognition, given at the earliest possible date, must be followed by action leading to treaty revision. China cannot expect the early and sudden abolition of the unequal treaties : but she is entitled to expect such revision of past treaties as will most surely and swiftly contribute to her domestic restoration. Of all the privileges and rights which the foreign Powers possess under the treaties, those which are fiscal in character are more important from the point of view of Chinese reconstruction than all the rest put together. Therefore, despite the *general* demand for treaty

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revision which has already found expression in the Nanking manifesto (June 15) and will certainly be loudly proclaimed from time to time, there is no doubt that the *specific* instance in which early revision will be sought is the tariff. And to support this claim there is a strong chain of practical reasoning, as well as the not unimportant fact that the Powers are already committed to Chinese tariff autonomy.

If it be true that the key to treaty revision is domestic reconstruction, it is equally true that, given a gradual return to orderly life, the key to reconstruction is finance, which in its turn depends on revision of the treaty tariff. This sounds like arguing in a circle, and so, in fact, it is. The problem of the first step—where to break the circle—is neither serious nor difficult, and it would be idle logomachy to debate it. The circle is already being broken at several points simultaneously; and our part is to recognise the importance of making as early and as large a contribution to the whole process as we possibly can. The risks involved are serious; but none of them can compare with the danger of long delay. We have been late in action too often in our relations with China, and we must make up for lost time.

Now, delay is a relative term, and no foreign Power can be accused of destructive procrastination if it decides to wait a little while in order to give the new Chinese Government the opportunity to show that it has the power to endure, to act, and (within limits) to govern. But, as we have seen above, the Treaty Powers have a definite part to play in breaking the vicious circle, and their action or inaction will promote or retard the process of stabilising government in China. It follows that we cannot wait till our conditions are completely satisfied, because our action is a necessary factor in assisting China to satisfy them; for

. . . . strange to tell among that Earthen lot
Some can articulate, and some cannot :
And suddenly one more impatient cries
Who *is* the Potter, pray, and who the Pot ?

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It is part of the strange legacy of our past relations with China that, in this moment when order is painfully emerging from chaos, we must take a share in moulding her destiny. China is, in fact, both Potter and Pot. Nowhere is this dual character of the problem more evident than in finance, which is the pivot of reconstruction. Hitherto Chinese revolutionary finance has been sheer spoliation, with here and there an attempt to introduce an element of control. To-day a more definite effort is being made to transform the collection of public money from a system of extortion sanctioned by military power into a more regular plan of authorised taxation. Mr. T. V. Soong's programme of financial reform has reached a point where, *given relief from the drain of military expenditure*, he can begin to assert central (*i.e.* civil) control over income and outgoings. In a word, he knows that the evils of Chinese revolutionary finance can only be cured by a budget ; but before a budget can be framed, even in the rough and ready way which is all one can expect to-day, the question of certain conflicting claims on revenue must be settled. Unless, for instance, the demands of the provinces are satisfied, the central government will have no security, either political or financial ; and, therefore, a federal division of revenues is the first problem in reform. Provided that the line which divides central from provincial taxation is clear, and the collection of the revenues is kept separate, other problems in Chinese federalism can be left for future settlement.

The financial problem may be settled in principle (*i.e.* on paper), but all plans fall sterile to the ground unless a large revenue is available for such purposes as (a) demobilisation, (b) normal expenditure, (c) *likin* compensation to the provinces, (d) debt services, both existing debt domestic and foreign, and new loans raised for general reconstruction. The revenue required can be met from existing *sources* provided the Chinese Government is free to use them as necessary ; but on the existing *rates* the yield will not be adequate. An increase over present revenue, even on the

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existing rates, may be anticipated from the moment when civil war on a large scale ceases ; but more will be required. And at this point it must be remembered that, if the foreign Powers are in earnest in their desire to see *likin* abolished, they must help China to do so by giving her freedom to raise new revenue from other sources, of which the chief is the tariff. On all grounds therefore tariff reform is an urgent issue ; and no obstacle, neither the controversy on the unsecured loans, nor the special interests of any Power or Powers, should be allowed to stand in the way of early action. The Powers have different views on tariff autonomy, dictated by their different interests ; and some may insist on a conventional tariff rates agreement before assenting to a general increase in tariff rates ; but all the Powers have an interest in seeing the tariff used as an engine of reconstruction, and to its use for that purpose they should bend their energies cordially and without delay.

Closely bound up with tariff reform is the problem of the administration of Customs which is almost as controversial as tariff autonomy itself. The Nationalists have taken up a somewhat intransigent attitude towards their obligations under the treaties, and particularly on the question of the maintenance of the existing foreign personnel from the Inspector-General downwards. Up to the date of the capture of Peking, and indeed for some time afterwards, they seem to have been unable to make up their minds where their true interest lay ; and this uncertainty found expression in the ambiguous terms in which they chose to announce their intention not to disregard "any international responsibility in consequence of agreements and understandings properly and legally concluded and on a basis of equality." Politics and sentiment drive them towards action which looks like "repudiation" : economics and common sense hold them back ; and, in the struggle between these two forces, the diplomatic action of the Powers will be a very important factor. If the diplomatic body in Peking allows itself to be drawn into a quarrel over

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the administration of the Customs, the Salt Gabelle or the Post Office, before it has set in motion the machinery of a genuine change in tariff policy, there will be deadlock and conflict in which no progress towards true reform can be made. The only way in which the influence of the Treaty Powers can be used to assist China to do the right thing is, instead of impotently denouncing her for doing wrong, to show by definite action very soon that they are ready to give her the necessary and rightful freedom in tariff policy, and thus put themselves in a strong position to recommend, and if necessary to insist upon, the maintenance of certain standards and personnel in Customs administration. It is useless to fulminate against Nanking on the lesser question of method, as long as the Powers continue to hold an admittedly indefensible position on the greater question of policy. The Powers have acknowledged that the tariff provisions of existing treaties are out of date, and thereby have undermined their own moral position. It is high time to seek firmer ground.*

China, July 10, 1928.

* Since the article was written the United States has (July 25) signed a treaty with Nanking conceding China full tariff autonomy as from January 1 next, subject to national and most favoured nation treatment to Americans. This is considered tantamount to recognition. We ourselves have also at last got the Nanking episode settled (*The Times*, August 11) on the same basis as the American settlement, and our policy is now to proceed on the lines laid down in December 1926 and January 1927 (see Sir Austen Chamberlain in the House of Commons, Hansard, p. 1833).

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IN April of this year an anonymous writer mailed his article from the United States for the June number of THE ROUND TABLE. That anonymous fellow did very well. Two months before the Kansas City and Houston Conventions he had the rash courage to predict that Herbert Hoover would be nominated for the Presidency by the one, and Alfred E. Smith by the other. The outcome was by no means certain. Yet it came to pass as was spoken by the prophet. Here, in early August, some three months before election, his successor wonders whether he in turn is expected to pick the winner from these two contenders. If he were forced to it, the answer would have to be Hoover. But if Mr. L. J. Maxse is right, he will not be forced to it; for "it matters less than a brass farthing to Great Britain whether Republican or Democrat captures the American Presidency." Under cover of this timely excuse, we can discuss parties, platforms, personalities and prohibition, and leave the reader in a state of confusion. That will relieve the writer, mystify the reader, and annoy Mr. Maxse. Indeed it will be better all around, since nobody really knows how this election is coming out.

* * * *

Of the two parties (for they are the only ones that count), the Republican is the stronger. In the first place, being in power, it has momentum that will be hard to

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overcome. Then, too, "all things being equal," it usually emerges on top; in fact, just two Democrats, Grover Cleveland and Woodrow Wilson, have managed to occupy the White House during the past sixty-five years. The Republicans are also more powerful in the sense that they can provide—at least in fourteen out of the last seventeen Presidential campaigns they have succeeded in providing—more of the sinews of party warfare than their rivals. Money means organisation, advertising, education, transporting "the vote" to the polls—and it may mean other less legitimate election aids. Be that as it may, money seems to count, for in every Presidential contest but one since 1860 the party with the larger campaign fund has won. Again, the Republican press is reckoned to be 65 per cent. of the press of the country; and to this normal advantage must be added the support which the Hearst chain is giving Hoover (not that Hearst loves Rome more, but that he loves Cæsar less); and the powerful backing of the independent Scripps dailies, twenty-six in number, from New York to California.

Then, too, in this particular campaign the Republican party gives the appearance of cohesion, while the Democratic party shows signs of disintegration. Thus, immediately after his nomination Mr. Hoover received the blessing of President Coolidge, all set forth in so affectionate a message that people could hardly believe their eyes. The agricultural West was half expected to leave the Republican party in a mass, so great was their distrust of Hoover said to be; but in the end Senator Borah of Idaho dictated a good bit of the party platform, Senator Curtis of Kansas was nominated as Hoover's running mate, Senator Brookhart of Iowa accepted him, and Vice-President Dawes, who stands well with the prairie farmer, promised to take the stump for the party's candidate. Nor is it insignificant that the Republican managers have enlisted the active support of Charles E. Hughes, and have healed the breach between Hoover and his fellow-Californian,

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Hiram Johnson. If the rank and file of Republican politicians were not fully satisfied with the choice of the Kansas City Convention, they have succeeded in sinking their grievances pretty well, and to-day they present a remarkably solid front.

Things are not so harmonious in the other camp. Robert L. Owen, for eighteen years a Democratic Senator from Oklahoma, has announced that he will support Hoover, and F. M. Simmons of North Carolina, who has held a similar post since a time when the memory of man runneth not to the contrary, well, he has resigned as a member of the party's National Committee. These defections took place at an interesting moment—promptly after Smith's nomination, and following the statement of his private views on prohibition, but three weeks before he is scheduled to set forth his opinion on other national issues. Two stout Democrats, therefore, felt that Smith, as such, was not a fit candidate for the Presidency; but it would be hard to say what relative importance they attached to each of his three "disqualifications"—as a wet, as a Roman Catholic and as a protégé of Tammany Hall.

Now the Democratic party's cohesion, for some time past, has not been very marked. Ten Southern States, for reasons dating back to the Civil War, have invariably cast their vote in the Democratic column. The white man has cohered against the negro. Then, at long intervals, this nucleus of a party has managed to attach to itself enough other States to win an election. So when it is said that the Democrats are disintegrated by their own nomination, the saying means just this and no more, that no man in the United States could come so near to destroying the nucleus of the Solid South as this wet, this Roman Catholic, this son of the sidewalks of New York—not a Republican choice, nor the Devil's invention to confuse and confound the Democrats, but their very own selection! Yet he was selected for the paradoxical reason that he alone stood the ghost of a chance of winning

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the Presidency for them this year. If he does win, it will be because through his record, personality and political courage he has captured votes and States from the Republicans of the North and the West. And if he captures all these votes it will be because of a personality which the South does not admire, and because of qualifications which they mistrust and abhor. And thus, if he wins, it will be a different Democratic party under a different leadership—no longer dry; no longer fanatically Protestant as it was under Bryan; urban, not rural; favoring the protective tariff rather than opposing it; as much Northern as Southern; in fact, not Dr. Jekyll but Mr. Hyde. Or the other way round, if you will. Anyhow, the Houston Convention swallowed that strong potion which is Smith and the transmogrification is on.

* * * *

So much for the position of the parties. As for the differences in their platforms, prepared with such a show of care at Kansas City and Houston, they can be disregarded. Both documents expressed concern over the condition of the farmer, but neither promised anything concrete by way of relief. They both showed interest in bettering the foreign relations of the United States; but not even the Democrats had a good word to say, this time, for the League of Nations or the World Court. In both platforms there is a strong pledge to enforce prohibition legislation; but eyewitnesses report that Canada supplied the Kansas City crowd with all it needed by way of drink, while Houston brought in its stock by airplane from Mexico. And the eyewitnesses aver that there was "plenty of it" in both places. As for the question of the protective tariff, there seems to be no longer the slightest difference between the views of Republicans and Democrats. Throwing off all pretence, the latter declared at Houston for a tariff such as would maintain "a high standard of wages for American labor"; and the man who was appointed by this conven-

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tion to notify Governor Smith of his candidacy, that man has been frank enough to state that "the theory of the low tariff has ceased to exist." If anything further were needed to prove the obliteration of distinctions in economic theory between the two parties, it could be found in Smith's appointment of his campaign manager, Mr. J. J. Raskob. It is Raskob, formerly a Republican in good standing, a member of the Union League Club of Philadelphia, financial director of General Motors Corporation, master salesman of Cadillac, Buick, and Chevrolet, millionaire beneficiary of a high protective tariff, who will be Smith's principal advisor. Mr. Lehman, of a New York banking and investment house, will direct the drive for campaign funds. Mr. Irenee du Pont, who makes explosives for profit in Wilmington, Delaware, will support the Governor; and Mr. W. H. Woodin, head of the American Locomotive Company and the American Car and Foundry Company, has "switched" from the Republican to the Democratic side. No longer is Big Business solidly Republican, and no longer does the Democratic party hesitate to welcome its representatives—and its cash contributions—with open arms.

One can hardly be surprised, then, that this election is causing an interest in politics such as the middle generation has never seen. Governor Smith's position on the prohibition issue is well known; Chairman Raskob states that modification of the Volstead Act is the paramount question before the country. So for better or for worse this particular piece of fat is in the fire. There is a tacit understanding that the religious issue will not be raised, and there will probably be little or no public notice of it; but every child knows that hundreds of thousands of voters, without waiting for the campaign, have irrevocably made up their minds for Smith or against him for no other reason than that he is a member in good standing of the Roman Catholic Church. Prohibition may prove to be the paramount issue, but Smith's Catholicism is the paramount

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fact. Over such disputes as these party lines have been broken before and will be broken in the United States this year. There will be a vast drift of voters from one side to the other. But because there is so much hypocrisy about prohibition, and so much widespread prejudice about religion, it is utterly impossible to predict whether the net change will benefit Smith or Hoover.

There are a few exceedingly able political writers in the United States who profess to see further than these issues of prohibition and religious toleration. "It is impossible any longer," says Mr. Walter Lippmann, "to ignore the signs of an impending fate." "It is true," writes "T. R. B." in the *New Republic*, "when you call the roll of the new Democratic management—Raskob, Proskauer, Lehman, Olvany, Moscovitz—it has a horrid rasping sound to Anglo-Saxon ears" quite different from "the Works, Moses, Allens, Goods, Browns and the rest of the Nordic managers of the Hoover machine." So Mr. Lippmann, of the *New York World*, and Mr. Owens, of the *Baltimore Sun*, the two leading Democratic papers in the country, see epic elements in this contest—the culmination of generations of guerilla warfare between the city and the country, a death struggle between the descendants of English stock and the immigrants of the past sixty years. Now there can be no doubt that Al Smith stands for the city of American cities, New York; and for all his years abroad and for all his misunderstandings with the grain and livestock West, there can be no doubt that Hoover has grown continuously out of the soil of the Iowa farm where he was born.

It is also a fact that the larger American cities, especially in the North and East, are made up in great part of immigrants since 1865 and their children. Because Smith too comes of foreign stock, because their religion in many cases is his religion, and because their traditions tend away, as his views do, from some of our more egregious manifestations of mass morality, they will be inclined to

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vote for him. A Democratic victory would place a Roman Catholic in the White House for the first time in history : that would be a big matter. It would mean as much of a national volte-face on prohibition as Harding's election in 1920 meant on the League of Nations : that would be another big matter. It might be accompanied by the disappearance of that anachronistic phenomenon called the Solid South, and that, so far as the structure of American politics is concerned, would be a major event. But it is hard to believe that "Al Smith and his crowd" are the protagonists in an epic contest to establish the supremacy of the city over the country, and the social position of those Americans who do not happen to be Anglo-Saxons. After all, our cities have been governed by such men, and so have our States : the nation is already urbanized in spirit as well as in percentages. Smith's election might serve to ratify and dignify these accomplished tendencies. Perhaps not. Who knows ?

* * * *

Of recent years political writers have taken to saying that essential differences between the principles of the two major parties were few and unconvincing. That has been growingly true, but never so true as in 1928. They have said, quadrennially, that in the last analysis the citizen would be found voting without regard to party affiliations or platforms, for the personality of one of the two candidates, his record and his promise. That, too, has been true, but this year more than ever. Any citizen who does not vote wet or dry blindly, or Catholic—anti-Catholic blindly, will have plenty to ponder over when he comes to appraise the two candidates on their merits. For at last we have the best that the Republican party could offer and the best man among the Democrats, each of them nominated by a Convention that was dominated by a popular force stronger than the politicians, each of them

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with an interesting personality, and each with the record of distinguished government service.

Is America still the land of opportunity? Well, Hoover was born on a farm in Iowa, moved with his family as a boy to California, carried his share of the burden of manual labor while he was at school, paid his way through college by collecting laundry from other students, was a mining engineer of distinction in China, Siberia, and finally in London. And then, after three years of humanitarian work directed with genius and force, he returned to his own country as Food Director under Wilson, and as Secretary of Commerce under Harding and Coolidge. He is known abroad better perhaps than any other living American. During the past ten years he has become equally well known at home. So all that need be said in summary not only of his qualities, but of the gradual way he has grown upon the nation, can be told in the words of a Democratic paper, the *Register* of Mobile, Alabama. Praise out of this State for a Republican Presidential candidate is praise indeed. Of Hoover, then—

He is self-made and self-reliant; tireless in the public interest; efficient to a high degree; with a record of administrative efficiency in every enterprise he has undertaken or to which he has been assigned; not vain; never seeking to project his personality; always calm and self-contained; an administrator rather than a politician, understanding government as the problems of business are understood, and with equal concern for the best interests of the people in all sections of the country, whether in Maine or California, on the Gulf Coast or in the great West. Mr. Hoover is big enough and broad enough to see the whole nation.

Is America still the land of opportunity? Well, Al Smith was born on the lower East Side of New York City—New York's East End. And there wasn't a cent of money in the family, so Al sold fish. There wasn't time or thought for college in the scheme of life as he knew it, but he acquired an excellent education as a youngster in the school of Tammany Hall. He drove a truck; he

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collected several trucks; he made a truck company out of it. Meanwhile "the boys" were pushing him ahead in politics, first in the Ward, and then as Assemblyman at Albany. What came out of the fish and trucks? A good politician? Yes. A "good fellow" and a loyal friend? Yes. A photographic subject with a brown derby stuck on his head at an Irish angle and a cigar stuck into his mouth at a Yankee angle? Yes. A brilliant campaign speaker? Yes. A fair and forgiving fighter? Yes. But there also came out of the fish and trucks, the man whom in 1913 Elihu Root praised as the ablest and most intelligent member of the Convention to draft a new constitution for the State of New York; the man whose knowledge of the educational problems of the State colleges at Cornell University has baffled its President more than once. Nineteen times has he been a candidate for public office, and only once has he been defeated. Four times he has been Governor of New York State, elected as a Democrat in 1924, against a Republican tide that in the same State gave Coolidge more than a million plurality. And his administration has been honest, competent, progressive—perhaps the best that New York has ever known.

On the still more personal side, differences between the two men stand out sharply. Smith acts as if the small boy in him still had the upper hand; Hoover as if the small boy in him never had much of a chance. Smith is debonair, Hoover is gauche. Smith is at home in a public meeting, Hoover acts as if home were far, far away, and as if there were still a good deal of pain ahead before he could get there. On the other hand, it must be said that there are thousands of people all over the United States who have worked with Hoover and under him—in Belgium, in post-war relief work, in the Food Administration, in the Department of Commerce, in the Mississippi valley after the floods, on matters of emergency and of great difficulty, whose personal devotion to their taciturn, awkward "Chief" is nothing less than fanatical. It must further be said that

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he has shown great aptitude in learning the political game. Nothing could be more amateurish than the futile stab for the Republican nomination which he ingenuously allowed his inexperienced friends to make for him in 1920. While, by contrast, in 1928, his powerful well-regulated, smoothly-running machine swept every other candidate into oblivion in the primaries which preceded the Republican National Convention, and at the Convention itself brought about his nomination on the first ballot by an overwhelming majority.

* * * *

The betting today is said to be $3\frac{1}{2}$ to 1 on Hoover. Incidentally odds were given at 4 to 1 on Hughes in 1916, while the Californian vote which swung the election to Wilson was in the process of being counted. Today's odds represent today's alignment of forces. What they will be tomorrow and in November is beyond prediction. Will the South stand by the Democratic candidate? If one were to read the proceedings of the Methodist Episcopal Dry Conference recently held in North Carolina, and were to pay too much deference to the denunciations of their man Smith for his "political double dealing," his "faithless immoral leadership" and his connection with the "plunder and pillage" of Tammany Hall, one could easily believe that the Solid South is already broken. If one were to follow the accusations of William Allen White, a distinguished journalist from Kansas, a liberal, yet so mild mannered a fellow as to be a trustee of the Rockefeller Foundation, and if one were to think that the violent, overreaching charges he makes against Smith's political record are common belief in Mr. White's own West, then the lands beyond the Mississippi would be lost to Smith for ever. And if one thought that the industrial East in spite of its wetness, would never dare trust its prosperity to "Democratic incompetence," then Smith would emerge from the contest with nothing to show for it except a handful of votes.

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But there are those who feel that the Solid South will not break, in spite of the meddling Bishops of the Methodist Church. They feel that the West, unconvinced by Hoover, will follow the leadership of George Peek, Republican leader of their most influential agricultural organization, who has thrown his lot in with Smith. And they feel that in the East, wet as it is, Roman Catholic as its chief cities are, Smith will carry Massachusetts, New York and New Jersey. If all these predictions were to come true, Hoover's handful would be more meagre than Smith's could possibly be under the other view.

So we have, at last, two candidates worthy to run for a great office: we have the prohibition question out in the open, and a religious issue seething under cover. We are deluged with books on "The Republican Party," "The Democratic Party," "Herbert Hoover," "Alfred E. Smith," "Tammany Hall," "The Presidency and Hoover"—and, for a change, they are good books. The trains are full of political talk, the press is running over with it. Can Smith, the Happy Warrior, skilled in the special political tactics of his own State, project his amazing personality over the Nation? Can Hoover, by intelligence, force, organization and funds, withstand him successfully?

* * * *

If it be true that "it matters less than a brass farthing to Great Britain whether Republican or Democrat captures the American Presidency," we can at least offer a spectacle worth seeing, at an important moment in American politics and American democracy. And we offer it as such, well aware that it can "bake no bread," in return for the pleasurable and widespread interest which our own public prints for some curious reason have created for us in your Prayer Book controversy.

The United States of America,
August 3, 1928.

THE BIRTH-RATE AND THE BRITISH COMMONWEALTH

SOMEONE once called experience the lamp that slights the wake of the ship, a saying to which it is the statistician's object to give the lie. Some figures showing the ebb and flow of population, which have a bearing on the future composition of the peoples of the British Commonwealth, are discussed in the following pages. It is not our purpose to attempt to deal with that problem as a whole, but attention can perhaps usefully be called to a side of it which has hitherto received little notice: how long will this island continue to be able to supply the Dominions with immigrants? Such inferences as are made in the concluding section are based upon some calculations made by Professor A. L. Bowley, of the London School of Economics, and by the Colwyn Commission.*

I. THE RISE IN THE POPULATION OF GREAT BRITAIN

Great Britain and Northern Ireland now contain about 44 million inhabitants. The increase in the last hundred years has been extraordinary. The population of England and Wales was shown by the census of 1921 to be three times the size it was in 1821.† This was not due to people coming in from outside. Immigration has ceased to count since the time of the Saxons. The Norman invasion

* See *The Economic Journal*, June 1924, the *Manchester Guardian*, Nov. 9, 1925, and the Colwyn Commission's Report 1927, p. 680 and Appendix XXI.

† See *The Social Structure of England and Wales*, by Carr-Saunders and Caradog Jones, Chap. XX (Oxford University Press, 1927).

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brought in a handful of foreigners, and we have had a few more at odd times since—a sprinkling of Huguenots, for instance, after the revocation of the Edict of Nantes, and at the present time we get what would have seemed a formidable host in the eighteenth century when England had a smaller population than Canada has to-day, between 50,000 and 70,000 immigrants a year. Some particular district, such as Whitechapel with its Russian Jews, may feel the effects; but the newcomers nowadays make little difference. A large number of them, indeed, are not newcomers at all, but merely the backwash of the outward stream—returning emigrants; and in any case the arrivals are swallowed up in the emigration figure, which was almost five times as large in the year before the war, when nearly 400,000 people emigrated. There has been migration between our own islands. There is a big Irish population at Liverpool, and a deputation from the Scottish Protestant churches has just been petitioning the Government to apply the quota system to Scotland, the whole character of whose population, they say, is changing as a result of the Irish influx. There are complaints that Irish from the Free State get jobs which otherwise might absorb some of our own unemployed * but inter-insular migration need not detain us. The important thing to notice about our population is that its growth was no more due to a rise in the birth-rate than to immigration. On the contrary, the birth-rate, after remaining nearly steady till about 1876, then actually began to go down, and has continued to do so right up to date. The 1921 census showed a drop from 166 per 1,000 married women in the 'seventies to 100,† and the drop has continued. In 1920 it was 25·5 per 1,000 population. Last year it was only 16·7. No, the reason for the increase in our population was that, thanks to improved sanitation and hygiene, fewer people died. This fall in the death-rate only affected the old till

* See *Report of Industrial Transference Board*, 1928, p. 29.

† See *The Social Structure of England and Wales*, p. 222.

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the beginning of the century. Then the babies got the benefit.* In John Wesley's time, as Lord Astor has recently reminded us, less than 25 children out of every hundred lived to see their fifth birthday; to-day, of every hundred children born only five fail to live till five. The rate of deaths under the age of one has dropped from 148 per 1,000 births in 1896 to 69 in 1927. When, however, the birth-rate began to fall, the decline in the death-rate ceased to keep pace with it. The result is a drop in our rate of natural increase. But we must come back to this later. It is first necessary to examine the present position of the migration problem.

II. THE MIGRATION PROBLEM

THE position up to the close of the war has already been described in *THE ROUND TABLE*.† English people began to cross the ocean as soon as it was thrown open in Tudor times, when our explorers and colonisers followed hard upon the heels of the Portuguese and Spaniards. But the outgoing stream was for a long time a slender one, even in proportion to the population of England, which in the middle of the seventeenth century only numbered $5\frac{1}{2}$ millions. Our horizon had, however, widened, and the loss of the American plantations itself failed to contract it. But the habit of looking beyond the seas was not peculiar to ourselves. The Dutch shared it as well as the Portuguese and Spaniards. In the century before the war, indeed, migration from Europe generally reached unprecedented proportions. In addition to ten millions who went to South America and our own possessions, no less than thirty millions crossed to the United States alone, and over 29 per cent. of them were from these islands. In the decade before the war 1,300,000 people went in a single

* *The Social Structure of England and Wales*, p. 223.

† *THE ROUND TABLE*, No. 42, March 1921, p. 241.

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year. In the last part of the nineteenth century, however, a change set in. The immigrants had in the past been mainly British, Irish, German and Scandinavian—we ourselves supplied 272,740 in the single year 1852—but after 1900 they were mostly from the Latin and Slav countries. As many as 6,300,000 of these races went to the States between 1900 and 1910, as against less than two millions from the north-west and west of Europe, and the change-over was still going on when war broke out. The new movement, moreover, was only a beginning. The enormous Russian reserves had hardly been touched. By the year 1919 there were, it is true, already $3\frac{1}{2}$ million Russian immigrants in the United States; the bulk of them were, however, not from Russia proper, but from the border countries which are now themselves independent States, and investigations on the spot by American experts made it clear that "unless artificially checked, the movement would eventually increase to enormous proportions."

The movement was checked. The war, of course, put an end to it for the time being, but when it started again on the return of peace, the Americans became alarmed, and Congress put its foot down. American civilisation is Anglo-Saxon and democratic, but the "new immigrants," as they were called, brought different traditions with them. Some of them had never known liberty, and there was little chance of their becoming Americanised, for, being wanted for work in mines and factories, they were settled in blocks where they kept on their old life and language—their religion was generally Orthodox or Roman Catholic. Few of them meant to leave their bones in the United States, and they sent home a large part of their earnings. Assimilation seemed hopeless, and a law was passed in 1921 allowing each white nationality outside the Americas 3 per cent. of the number of its people born in and residing in the United States when the 1910 census was taken. Even this was, however, considered too favourable to Slavs and Latins, and immigration was limited in 1924 to 2 per cent. of the

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number from each non-American white country that was in the United States in the year 1890. The Latin-Slav flood is now reduced to a trickle. The northern races came off better, though even the British and Northern Irish can only send 34,000 a year; but there is a proposal before Congress which has been shelved till July next year, which would raise our quota to nearly 66,000. The whole number admitted under the existing arrangement from all non-American countries only comes to a little over 164,000, though nearly as many Mexicans and Canadians were received over the land frontiers, to say nothing of the vast number who cross unrecorded.

But there are other countries besides the United States in need of people. The estimated population of Brazil last year was about 39 million, and the Argentine in 1926 had 10,300,000. The British Empire itself contains wide and sparsely peopled territories. There is so much uninhabitable land in the larger Dominions that the bald statement that Canada has only $2\frac{1}{2}$ people to the square mile and Australia nearly 2, as against England's 649, does not carry one much further. But even allowing for the arctic regions of Canada and the dry parts of Australia, their population is insignificant to-day compared with their great resources and their impressive size. At the time of the 1921 census Canada had $8\frac{1}{2}$ million inhabitants and Australia $5\frac{1}{2}$. To-day they probably have something over $9\frac{1}{2}$ and 6 million apiece. New Zealand has between $1\frac{1}{4}$ and $1\frac{1}{2}$ million, and South Africa between $1\frac{1}{2}$ and $1\frac{3}{4}$ million whites; there are, however, nearly six million blacks who do the unskilled work, which puts immigration on a large scale out of the question for South Africa. But the others all need it. It may be suggested that the action of the United States will make it easy for them to get it. Quality is, however, a different thing from quantity. Latin-America would, no doubt, be glad to get Italians, and possibly Slavs as well; but the Dominions, like the United States, have a different type of civilisation which

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they want to preserve. Australia and New Zealand are 97 per cent. British* and determined to remain so. There is alarm even at the settlement of a certain number of Italians in Queensland. Over half Canada's population, in spite of a substantial dose of the "new immigration" and a very large French-Canadian element, is still of British origin, and though many Canadians would take settlers from any healthy stock, there is an expressed wish to get as many British as possible. Nor could anything suit us better. Apart from the importance of maintaining the character of the whole British Commonwealth, we have a pressing practical difficulty. Our unemployed are still equal in number to the population of New Zealand. We hope that in time our own industries will be able to absorb them again; but the Industrial Transference Board has made it clear that any idea of a cyclical or transient depression in the worst of the depressed districts must now be abandoned. It must be remembered that we started in 1920 after the war with 1,300,000 more people between the ages of 20 and 60 than we had in 1911, so that, as Mr. Keynes has reminded us, it is more than a question of regaining our old trade. It would anyhow be unfair to keep men waiting in a state of demoralising idleness on the chance of better times. No one, of course, expects the Dominions to take our unemployables; they want our best. Nor is emigration a cure for unemployment. But it would go a long way towards relieving the present tension, and the welfare of the Dominions is, after all, closely bound up with that of the mother country. The number of people permanently out of their old employment is placed by the Industrial Transference Board at about 200,000 of all ages.† If the Dominions could take

* *i.e.*, over ninety-seven per cent. are from Australasia or the British Isles.

† See their conclusion (page 54). Earlier in the Report (page 8) the permanent unemployment for coal alone is given as 200,000, and the probable permanent unemployment in shipbuilding, iron and steel, and heavy engineering as 100,000, with some probable addition for permanent contraction of the personnel of the textile industry.

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200,000 of our best, a certain number of our people would, no doubt, throw up their jobs at home to go; but openings would then be left for others who have no chance of getting back to their old work and are too old to make a fresh start overseas themselves. This would more than make up for the dislocation. If only emigration had continued to the Dominions on the same scale as immediately before the war, our present load would be appreciably lighter. But Canada is to-day only receiving half as many British immigrants as she took between 1909 and 1913, Australia substantially fewer*, and both of them are taking a large number of foreigners. On an average 55,000 of the latter, exclusive of Americans, come into Canada every year; as against 70,000 before the war—in 1926 there were 66,000 and in 1927 82,000, as against 48,820 and 52,940 British. Australia takes fewer, but even she has received on an average 14,000 foreigners a year since 1923.

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WE must now pass to the most important point of all, the one put in the opening lines of this article. Will the Dominions always be able to count on emigrants from this country? Hitherto the doubts have been only about quality, not quantity.

The first question is why are so few people going to them to-day? The dead years of the war are over, and one would have expected the leeway to have been made up for by a larger outflow than ever, especially as the Americans have limited their own supply of British immigrants. Plenty of people here want to go—the emigration agencies all agree on that, and times have been better beyond the seas than at home.† What then keeps British emigrants back?

* *The Industrial Transference Board's Report* 1928, p. 37, gives the annual average of new British settlers in Australia since 1922 as about 40,000, as opposed to about 55,000 before the war.

† *Ibid.*, p. 42.

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There are no doubt other factors, but two answers seem to stand out. One is the rise in the fares. The fare to Canada to-day costs £18 15s., or over three times, and the one to Australia £37, or more than twice, as much as it did before the war, and there are, of course, all sorts of other expenses as well. This effectively checks voluntary emigration. But there is another reason. The fares may be high for the man who has to pay his own way out, but, as against this, far more assistance is now given to emigration than was ever given before. An Act was passed in 1922, the Empire Settlement Act, under which the "assisted" emigrant only has to find £2 for his passage and his train fare and personal expenses if he is going to Canada, £16 10s. and expenses if he is bound for Australia, and £11 if he is going to New Zealand—there are modifications, but we need not go into them. This should make an enormous difference, and Great Britain finds half the assistance actually given. Then, there are various plans under the Act, the 3,000 families scheme, for instance, for the settlement of families on farms of their own in Canada, and the so-called £34,000,000 loan agreement under which Great Britain contributes £150,000 (non-recoverable) for every £750,000 of loan money raised by the Australian Government and advanced to the States for development, the understanding being that 450,000 immigrants should be settled in ten years. Why, then, with all this help have the results not been larger? The whole number assisted under the Act to go to the Dominions was 65,530 in 1926, 63,027 in 1927.

One of the chief reasons, in the view of the Oversea Settlement Committee,* is the restrictions due to the cautious policy of the Dominions. The say rightly rests with them as to who should receive assistance under the Act and they have limited it to the following cases :

(a) Settlers for whom the overseas Government are in a position to guarantee employment immediately upon arrival. These are

* *The Report of the Oversea Settlement Committee*, 1927, pp. 9-10.

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usually single men or families who are going to the land, or single women who are going into domestic service.

(b) Settlers going out under nomination.*

As regards (a) the Committee points out that, although experienced farm hands can usually obtain an assisted passage and readily find work, we hardly have enough of them nowadays to go round at home, and their numbers tend to diminish. In 1921 they amounted only to 2.5 per cent. of our population. Women servants are readily granted passages, but here again the demand in Great Britain itself is larger than the supply. Then as regards (b), in the case of Canada only people going to farms or domestic service can be nominated; the industrial worker is not eligible and, even if he goes out on his own account, he cannot nominate his wife and children for assistance. There are also, as the Industrial Transference Board points out, all sorts of forms and tests. Even the emigrant who is making the venture on his own has to pass four medical examinations, one by a Canadian Government doctor at a stated time and place, another by the shipping company's doctor, and another by the Board of Trade doctor at the port of embarkation, and finally an inspection by a Canadian Government doctor when he lands. A certain amount of this sort of thing is, of course, inevitable; but one knows the Englishman's dislike of red tape and how he shrinks from it getting about if he fails to pass a test. It all acts as a deterrent. In the case of Australia and New Zealand there are fewer formalities and would-be immigrants can be nominated for assistance even if they are going to industrial work. They can also be requisitioned by the State Governments, but in that case only for agricultural

* The nomination system was started in Australia and New Zealand. Any resident able to guarantee suitable accommodation and employment for a British citizen can apply for government assistance. The State Government sees that the guarantee of the nominee is carried out and that the local labour market is not adversely affected. It has now been adopted, though in a modified form, and only for agricultural work by Canada.

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work. The system in all the Dominions is specially designed to ensure immediate absorption and to avoid any risk of unemployment.

It may or may not, in the long run, be a good thing that immigration should be so restricted. The Oversea Settlement Committee thinks that it is not, and cites the history of the United States in support of its view. It is, at all events, easy to understand the Dominions' point of view, why they want agricultural immigrants and are averse to more people coming than they can comfortably absorb. The development of the soil is their primary need. Australians are naturally afraid of their already over-swollen cities getting still larger, and labour is everywhere fearful of competition. There is also some unemployment overseas.* Given time and a steady natural increase, the Dominions could, moreover, no doubt, get the population they want from their own stock, even if we did not send them another man. Australian statistics show a gain of over $3\frac{3}{4}$ millions by natural increase between 1861 and 1921. This splendid increase is, however, due not to a high birth-rate but to a very low death-rate counteracting the effect of a comparatively low birth-rate. Suppose the birth-rate should follow our example ! It is less likely, because there is plenty of elbow room ; still there was a decline in the birth-rate from an average of 27.5 in 1910-12 to one of 23.3 for 1923-25, and though the death-rate also dropped, the fall was not sufficient to prevent the rate of natural increase going down from 16.7 to 13.8.† The crude birth-rate has been falling for many years. Once a country gets a continuously falling birth-rate like our own, given certain conditions, stability of population will sooner or later result, unless the death-rate keeps on improving sufficiently to make up for it, or recruits are obtained from outside. Canada has also a fine rate of natural increase ; but it, too,

* See New Zealand article, p. 904.

† See *Estimates of Working Population in 1931 and 1941*, by Professor Bowley (League of Nations, 1926), p. 7.

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dropped between 1921 and 1924, though in 1924 it was higher than in 1923. The more remote Dominions, as they get older, have no doubt gradually been reaching a condition not unlike that of old established societies ; but it would be interesting to study the age categories of the Dominions generally to see how far their low death-rate is due to a constant infusion of young blood from outside. We must remember too that a great many people leave them as well as enter them. On an average over 109,000 a year crossed from Canada into the United States between 1921 and 1924,* and perhaps half that number left Australia yearly from 1923 to 1926. Such a subject as this would, however, take an article by itself, and for the present we must leave it and the question—perhaps the most important of all—whether time could be counted upon for a “dead slow” policy. All that need here be said is that there are considerations which would certainly make it impossible to treat the present rate of natural increase in the Dominions as a permanency. But, though the number of British immigrants could never, under existing arrangements, be expected to attain the height reached by immigration into the United States in the 'fifties, it could, even as things are to-day, be increased. We have barely enough agricultural labourers to go round at home ; but boys and girls can be trained in larger numbers, and townsmen often do well at farming in new countries. The British Government is setting up another training farm—at present there are only two—and the number trained is to be raised from 1,500 a year to 2,110. An effort is to be made, too, to get the cost of the passage to Canada reduced to £10, so as to stimulate voluntary emigration, and 10,000 of our unemployed are to be given temporary work on the Canadian harvest. Lord Lovat is going out specially to discuss the whole question of emigration with the Dominion authori-

* See *Report of Commissioner of Immigration, U.S.A.*, 1924. The *Canadian Yearbook* reminds us of the Canadians who come back to Canada ; 43,000 returned in the year April, 1924-April, 1925.

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ties, on the spot, and it is hoped to settle 21,000 miners on the land. For other suggested methods, we must refer the reader to the Oversea Settlement Committee's report for 1927.

But we must no longer dwell upon this side of the problem. It is no part of our design—we are not, indeed, competent—to criticise the policy of the Dominions, which is entirely a matter for themselves. Our object is to consider how long we shall have emigrants to send abroad. And it is obviously the most fundamental question of all, for if the British source were to give out, the only alternatives in the old world open to Dominions in need of immigrants would be the great Latin-Slav reservoir from which the Americans have cut themselves off, and which, as the figures show, in spite of—perhaps in consequence of—all the misery in Russia, is getting constantly fuller, and the surplus left over after the northern and north-western European countries have had their respective quotas admitted into the United States. It is, however, now necessary to pass from the present to the future, and for this we shall need the help of the statistician.

At first blush, vital statistics seem rather like the Delphic Oracle. We at once come up against more "ifs," and nothing can, of course, altogether rob the future of the character of an uncharted sea. Deductions about it must always remain assumptions. But there are degrees in uncertainty, and it is perfectly possible to strike a balance in probabilities which will afford a good working guide.

The quality of the balance itself varies. You can obviously predict more certainly if you keep within certain limits. Thus one can tell pretty accurately how many recruits will become available for work fifteen or sixteen years ahead, because the children who will have come on by that time are already alive. The death-rate and the number of people who come to live here or leave the country for good will, of course, remain assumptions; but infantile mortality no longer affects the calculation, and

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not many people die between the ages of 15 and 45 compared to other times of life. Professor Bowley reminds us that in the ordinary way mortality in this category is never more than 15 per thousand for males and 11 for females. But we must carry our inferences further than 15 or 16 years if we want to find out when our population will reach stability or, in other words, stop growing any more. At this point, however, there is another "if," the birth-rate. There is admittedly more guesswork about this; but nothing that could be called far fetched, for we can examine the tendencies of which the figures are themselves symptoms. Take, for instance, the diminishing birth-rate. The tendency towards small families has become steadily more marked with the growth of education and refinement. The higher the class the fewer the children; this has been so since Victorian times, and the rule goes right through our population. It is true that this tendency does not mean any loss of capacity for reproduction; the low birth-rate is, the experts agree, deliberate.* There is, therefore, no physical obstacle to prevent it rising again. Prosperity, for instance, might have such an effect, for it would make it easier to marry and find work for one's children. Whatever the actual reason, the population increased after the Industrial Revolution in a marvellous manner in Europe generally, and science may still have something up her sleeve to help us out of our present difficulties, as the steam engine did after Waterloo. But probability is another matter. A return to prosperity, instead of sending up the birth-rate, might even send it down, for if people now have small families, it is due more than anything else to the high standard of living which exists to-day, and prosperity would be more likely to raise the standard than to depress it. It is conceivable no doubt that the existing attitude towards birth control might change. Roman Catholics, as we know, have more children than non-Catholics. That is one of the things that

* See *The Social Structure of England and Wales*, pp. 222-223.

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alarmed the Scottish deputation. The local Irish have, they told the Home Secretary, increased 700 per cent. in the last 100 years, as against only 110 per cent. increase for the Protestant inhabitants of Scotland, and the decline of the birth-rate in Liverpool, which has a large Catholic quarter was, the statistics show, only 5 per cent. between 1881 and 1901, as against 17 per cent. in London. The province of Quebec has probably the highest birth-rate of any civilised country in the world. It accounts for one-third of the present natural increase of the whole of Canada. But it is unnecessary to labour this point, for no one supposes that either the English or Scottish peoples are in the least likely to change their religion. There is, however, another factor that must be reckoned with, and that is the shortage of houses since the war. It seems to be a recognised law that increased density of population is always accompanied by a decrease in fertility and fecundity, and the removal of the shortage is bound to encourage marriage and the procreation of children. But is it not equally certain that this result will be largely discounted by the habit of having small families which has already taken such a firm hold? Anyhow, all the houses which have been built within the last few years by Government and private persons, do not yet appear to have had any perceptible effect on the decline in the birth-rate. Here are the Registrar-General's figures for England and Wales.

<i>Birth-rates per 1,000 population.</i>				<i>Birth-rates per 1,000 population.</i>			
1920	..	..	25.5	1924	..	..	18.8
1921	..	..	22.4	1925	..	..	18.3
1922	..	..	20.4	1926	..	..	17.8
1923	..	..	19.7	1927	..	..	16.7

In any case, too, as Professor Bowley has pointed out, there are now every year fewer potential young mothers, in consequence of the diminishing number of births after 1903.

We now come to the tables in the Appendix. Both are

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by Professor Bowley. Table A contains an estimate made in the year 1924, based on the death-rate figures for 1910-1912 and the birth-rate figures for 1921-1923.* The following points at once strike the eye. First, the small number of old people at the present moment compared with future years. The reason is obvious. The decline in the rate of increase in the population to which reference has already been made began less than three decades ago. The change came, as has been explained, through the improvement in the death-rate no longer being sufficient to counter-balance the fall in the birth-rate. But though the birth-rate had already been falling since the 'seventies, the actual number of births increased right up to the opening years of the century. Consequently, the number of potential sexagenarians had been growing all the time. As one would expect under these conditions, we find the age category over 65 continuing to swell till about 1971, when the decline in the actual number of births, which began about 1902, begins to tell upon it. The number of old people then grows no more, but becomes stable. It is easy to imagine how many sexagenarians we should have had if the population had been as large when our old people were born as it is to-day. It was little more than half its present size 60-70 years ago. We have also to-day, for the same reason, a relatively large number of people between the ages of 15 and 65 and, thanks to war and emigration, the women outnumber the men. As time goes on this disparity in the sexes disappears from our table. Further, every year—and it has been the case for some time already—there are fewer infants and school children, until this category too ceases to go up or down any more. About the middle of the century the whole population, it will be noticed, reaches stability at a figure of between 48 and 49 million. For the purpose which we have in view, however, the date when the younger classes attain stability is even more important than the date of the

* See *The Economic Journal*, June 1924.

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stabilisation of the whole population. The category under 15, for instance, is the reservoir of youth from which the worker and emigrant class must every year be replenished and the vital thing to notice is that this particular category would, on the hypotheses on which Table A is based, reach stability in 1941 at 5,788,000, a considerably smaller figure than it stood at in 1921. The result is naturally later on reflected in the older categories. Between the years 1932 and 1938, in consequence of the small number of births during the war, there will, of course, be far fewer children coming on than in previous years. So much for Table A.

In November, 1925, however, Professor Bowley made a fresh calculation—it is set out in Table B in the Appendix. This new estimate, in view of the fact that the death-rate had dropped since 1910-12, was based on the death-rate of 1921-1923, and on the supposition that there will always be 840,000 births a year (the actual number in 1924). This estimate would give us about 400,000 more people in 1931 and rather over 800,000 more in 1941 than we would have under Table A; but the lesson remains the same. Stabilisation is approaching. A stationary population—Table B makes it not far off 50,000,000—will, on the assumptions made, be reached, even if it is a decade or so later. The class under five, indeed, stabilises in Table B as early as 1931 at 3,743,000.

It would be interesting to consider to what extent shades of difference in our assumptions would have the effect of putting off or anticipating the date of stabilisation. Thus the birth-rate has not remained at the figure assumed for the calculation. It has fallen from 19·18 per thousand (840,000 births) in 1924 to 17·01, or under 760,000 births (see quarterly returns) in 1927. The death-rate of 1921-23, on the other hand, has remained fairly constant in subsequent years. But it is right to remember that, although the death-rate may sink still lower, the point must come sooner or later when science cannot be expected to bring down the rate any further, and the improvement has now been going

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on for over forty-five years. The birth-rate, on the other hand, might go on dropping indefinitely. We must not, however, linger over such refinements. It is enough to note the broad point that, with a birth-rate and death-rate about the same as at present, stabilisation cannot be very long deferred, and every fall in the birth-rate will bring it nearer unless the death-rate also drops.

But emigration is itself a factor that directly affects the question how long we shall have a surplus population to send abroad, and no account has been taken of it in our calculations from the year 1921 onwards. We know that, after making allowance for the people who came in, our net annual loss from this cause between the years 1921 and 1925 was 93,000, which would roughly mean a withdrawal up to date of, say, half or three-quarters of a million potential parents, and consequently fewer children in our Tables.

There are other factors, too, which we must take into account. To estimate the number of future emigrants available for the Dominions we must, for instance, know how many are likely to go to foreign countries. The United States of America used to have great attractions for our people, and if Congress were to double our present quota of 34,000 next year, the number who go outside the Empire might be swelled. Between 1921 and 1925 it was as high on an average as 80,800.

But the most important consideration of all is, naturally, our own needs. When the 1921 census was taken there were 19,353,000 people recorded as engaged in definite occupations either as employers or employed. What is that number likely to be in future years? Allowing for emigration, and assuming the proportion to the total population to be the same as in 1921, the Colwyn Commission in 1927 estimated a yearly increase in the occupied population of 125,000 up to 1931, one of 46,000 up to 1936 and finally, between that year and 1941 one of only 20,000 a year. And these figures are themselves a conservative estimate. Our actual net loss by emigration for the period 1921 to

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1925, as already mentioned, averaged 93,000, and if that figure had been taken by the Commission these figures would be very much smaller. The 20,000, for instance, would be only 7,000, and the Commission itself thought that there was a fair chance of emigration in future years being at least as high as 93,000. We now know, indeed, that the figures for the years 1926 and 1927 have exceeded that figure. In 1926 the net loss by emigration was 115,538, and in 1927 it was 97,799; but the Commission wanted to be on the safe side for the purpose they had in view, and their calculations of the natural increase were not only based on a lower figure than 93,000; they took the death-rate in 1923, a year in which it was lower than it had ever been before—it has, indeed, only once been as low since. But if their path started from a different point, it led, as they themselves point out, to a not dissimilar result. There is a rapidly diminishing rate of increase.

And whether the occupied population increases by 20,000 or 7,000 in 1941 the margin left is, in either case, extremely small. The next stage would involve a bite into the surplus that is now available for emigration, and if the school age should be raised, just as at the other end of life the grant of old age pensions at 65 has already encroached upon our available man-power, by curtailing our working years, the margin will be even narrower. It may be, too, that special arrangements will have to be made between 1930 and 1938 to slow down the drain of boys and girls, as we may in those years find that we have too few for our own requirements as a result of the effect of the war on the birth-rate between 1914 and 1920.

The reader will draw his own inferences from our figures. One thing, however, seems clear. The return of a buoyant natural increase, though not beyond the bounds of possibility, is highly unlikely in Great Britain within any time that we need consider. The stability that has already reached France—and an examination of her vital statistics will show significant points of resemblance—is, according

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to our Tables, already within sight for us, too. This would not, however, mean a national decline. To the biologist, as we heard at the meeting of the British Medical Association the other day at Cardiff, there is nothing ominous in a falling birth-rate. It is only the sign of the approaching end, not of a people nor of a culture, but merely of a population growth cycle. Stability, when a country has already got enough people for its own requirements, has positive advantages and may bring domestic strength. For it makes it possible to know exactly where one stands and to take steps accordingly. Difficulties can be forestalled, and friction, a peculiarly fruitful source of weakness in industrial democracies, avoided. It is true that stability carries with it a larger number of old people than a rising rate of natural increase does; but the same hygienic reforms which have already reduced our death-rate from 20·7 in the thousand in the 'eighties to 12·3 in 1927, have also lengthened our working years. Old-age pensions fix the retiring age, it is true, at 65; but, given health, many people will, notwithstanding, prefer to keep on at their work, and in any case, the extension of the active period of life constitutes a reserve of power.

This, however, is only the "Little England" side. From the standpoint of the wider Commonwealth to which we all belong our calculations would disclose a more serious position. At the moment, we have plenty of people to send our kith and kin beyond the seas, and unless times improve, we are likely to have plenty for an appreciable number of years to come; but whether those years be few or many, they are, if our assumptions are valid, already numbered. For when the age categories from which emigrants for the Dominions and workers for our own purposes are both drawn attain stability—and on the above hypotheses it can only be a matter of a few decades—we shall no longer be able to send out people as in the past, and the day is approaching when this island, the mother of so many nations, will cease to count as a source upon which they can

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still rely to replenish their stock without endangering those
ideals which are our common birthright.

APPENDIX.

TABLE A.*

The Population of Great Britain

On the hypotheses that the annual number of births is the same as
in 1921-23, that the death-rates are as in 1910-12 and that there
is no migration.

Thousands.								
Ages.		Males.						
		1921	1931	1941	1951	1971	1991	2011
0-15	..	6,011	5,666	5,788	5,788	5,788	5,788	5,788
15-45	..	9,358	10,241	10,690	10,726	10,564	10,564	10,564
45-65	..	3,949	4,463	4,538	4,954	5,381	5,389	5,389
65-	..	1,103	1,386	1,737	1,862	2,110	2,191	2,223
Total	..	20,421	21,756	22,753	23,330	23,843	23,932	23,964
15-65	..	13,307	14,704	15,228	15,680	15,945	15,953	15,953
Females.								
0-15	..	5,929	5,585	5,713	5,713	5,713	5,713	5,713
15-45	..	10,657	11,125	10,974	10,683	10,515	10,515	10,515
45-65	..	4,279	5,125	5,595	5,949	5,797	5,676	5,676
65-	..	1,480	1,790	2,247	2,602	2,991	2,860	2,836
Total	..	22,345	23,625	24,529	24,947	25,016	24,764	24,740
15-65	..	14,936	16,250	16,569	16,632	16,312	16,191	16,191
20-45	..	8,643	9,182	9,138	8,847	8,679	8,679	8,679
Total								
M. & F.		42,766	45,381	47,282	48,277	48,859	48,696	48,704
Percentages.								
0-15 M. & F.	..	28	25	24½	24	23½	23½	23½
15-65 M.	..	31	32	32	32½	32½	32½	32½
15-65 F.	..	35	36	35	34½	33½	33½	33½
65- M. & F.	..	6	7	8½	9	10½	10½	10½

* "Births and Population in Great Britain," *The Economic Journal*
June 1924.

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TABLE B.*

The Population of Great Britain

On the hypotheses that the annual number of births is constant at 840,000 a year (the 1924 figure), that the death-rate is as it was in 1921-23, and that there is no migration.

Thousands.						
Ages				1921	1931	1941
Under 5	..	..	..	3,794	3,743	3,743
5-15	..	..	..	8,146	7,279	7,320
15-20	..	..	..	3,981	3,921	3,739
Males						
20-65	..	..	..	11,340	12,932	13,695
65-over	..	..	..	1,103	1,526	2,031
Females						
20-45	..	..	..	8,043	9,216	9,234
45-65	..	..	..	4,279	5,255	5,807
65-over	..	..	..	1,480	1,933	2,522
Total	..	..	..	42,766	45,799	48,091
Annual increase	..	..			303,000	229,000

* *The Manchester Guardian*, November 9, 1925.

GREAT BRITAIN : POLITICS AND TRADE

I. POLITICAL.

IN political affairs, the unexpected seems to-day to be the rule. During the quarter under review this has certainly been the case. The important plan for the reform of the rating system and the reorganisation of local government, to which the present Administration is definitely committed by Mr. Churchill's fourth budget and upon the success of which it has resolved to stake its fortunes, has indeed proceeded with despatch. Nor has any serious weakness been revealed as criticism has developed. The budget has passed through the House of Commons without difficulty. The preliminary Bill dealing with the assessment of hereditaments which is to prepare the way for the total de-rating of agricultural land together with the partial de-rating of productive industrial property, has also passed through all its Parliamentary stages. The details of this measure which was entrusted to the expert charge of Mr. Neville Chamberlain, were not easy for the layman to understand or appreciate. The Liberal party, under Mr. Lloyd George's leadership, concentrated their heavy guns upon them both inside and outside Parliament. Moderate opinion in the country, however, shows few signs of being much impressed. Too much has been made by critics of the minor anomalies which are unavoidable in almost any system of taxation or remission of taxation.

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Even the prospect of brewers and distillers sharing in the general relief afforded to all productive industry has not been taken as a damning objection to the scheme, and although those who are not immediate and direct beneficiaries, *e.g.*, the distributive trades and the general mass of householders, may have a sense of grievance which is capable of being stimulated into indignation, yet neither of the Opposition parties appear as yet to have been very successful in their efforts in that direction.

A more serious line of criticism has been directed against the local government side of the plan, and the application of the "block grant" principle in lieu of the existing percentage system. Many people have felt that the effects of this change might prove reactionary and unduly discouraging to the more enlightened and progressive local authorities. But the publication of a white paper by the Ministry of Health setting out the principles on which grants would in future be made from the Exchequer in aid of local resources has done something to allay their fears. The Government have also tried to meet the needs of the so-called "necessitous areas." In doing so, however, they have had to throw another £6 millions or so into the scheme. The principle of fixing grants in aid not in accordance with local wealth but with local needs is a sound one which has met with general support; but the political necessity of making sure that under the new scheme all areas should be better off as regards grants in aid and none prejudiced, has meant the expenditure of a much larger sum of money than was originally contemplated. Indeed, the estimate of £3 millions which would be required in addition to the £26 millions to be provided by the Treasury to make up for de-rated property, has now risen to something between £8 and £9 millions. These minor changes and expansions have not, however, excited much opposition. It is not improbable that the Government, in pursuing their general plan, may find considerable difficulties ahead. The reform of local government is bound to offend many

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strong local vested interests and will not be popular ; the measure to be introduced in the autumn is sure, moreover, to be complicated in character and full of political pitfalls—coming so near to a general election, indeed, it may prove dangerous to the Government—but so far as can be seen at the moment the reform scheme has proceeded steadily and without any serious set-back. An impartial observer would certainly give the first round to the Government.

The opinion of the public, so far as one can judge from the results of recent bye-elections, confirms this view. As has been the case with other bye-elections during recent years, there is no sign at present of a great turn-over of opinion. At Halifax, the late Speaker's seat, Labour won a substantial victory, heading the poll by nearly 5,000 votes ; the Liberal candidate was second, and the Conservative poll only reached just over 10,000 out of some 40,000 votes cast. But the seat was a traditionally Liberal one, which the Conservatives could not have expected to win, while the Liberals were at a disadvantage owing to the collapse of the local machine during Mr. Whitley's tenure of the speakership and the consequent series of unopposed elections. Epsom, Holborn and the Hallam division of Sheffield, all traditionally Conservative seats, were held by the Government candidate without difficulty, although with reduced majorities. Carmarthen was held by the Liberals by a majority of 47 over Labour ; but in this case the position was complicated by the fact that the seat had been won by Sir Alfred Mond standing as a Liberal. Sir Alfred joined the Conservative party during the present Parliament, but without vacating his seat, and the bye-election resulted from his promotion to the peerage. While, however, the result was somewhat disappointing to the Liberals, it must be ascribed partly to the effect of local disagreements and partly to the fact that the Labour candidate was a representative of the extreme right wing of his party, and doubtless attracted a great deal of moderate support. The Conservative poll of over 8,000 was, more-

800

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over, higher than had been expected and probably helped to reduce the majority by which the Liberals retained the seat.

Broadly speaking, therefore, the political balance has remained stable. No violent waves of feeling have swept across the country. The quarter has been tranquil, sometimes even flat.

Into this halcyon weather a storm long brewing in obscurity has burst with remarkable and even alarming suddenness. While the Government has been proceeding with energy along the path marked out for it by the budget, the rank and file of the party have been meditating other plans which were brought to light only a few days before the end of the session. For some hours, indeed, there was a serious crisis, which might easily have resulted in the embarrassment, perhaps even in the disintegration of the Government. The immediate occasion was the presentation of a memorial, signed by over 200 members of the Conservative party, to the Prime Minister demanding a measure of "safeguarding" for the iron and steel trade to be applied forthwith. This step was preceded by a short but intensive agitation in the lobbies, committee rooms, libraries, and smoking rooms of the House of Commons. Old hands began to recognise all the well-known symptoms of a political crisis and the Opposition parties could scarcely conceal their excitement and elation. The stage seemed set for one of those political dramas which are so perfectly acted and so much appreciated in Great Britain.

The cause of this agitation was economic rather than strictly political. There is no question but that the basic iron and steel industry is undergoing a period of severe and prolonged depression. The rising tide of unemployment has deeply alarmed many even of those who have up to now taken an optimistic view. The prospect of a bad winter adds to the concern which many representative members feel and, under such circumstances, it was not easy for the back-bencher in a party which is still protectionist

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at heart to restrain his ardour. Assuming that a tariff is the real cure, which is only waiting for someone with the courage to apply it, how could zealous and anxious spirits be restrained by official caution from demanding the application of the remedy ?

The Government's position is, of course, less simple. While the safeguarding procedure is certainly covered by the pledges given at the election of 1924, Mr. Baldwin has definitely stated his opinion that to apply it to so important a trade as iron and steel, with all the manifold and important repercussions that would be entailed, might reasonably be regarded as constituting a breach of the pledge which he gave not to introduce a general tariff. It was therefore clear that the request of the memorialists must be refused. And it is understood that, with one or two exceptions, Ministers as a whole supported him in this view. But the pressure which is sure to be brought upon him to fight this next election with a less confined programme will be more difficult to resist. Yet it may be equally dangerous to the Conservative party.

Some members of that party believe that a formula can be devised which would cover "safeguarding" and yet bar the way to "protection," a plan which, being by way of compromise, seems not unlikely to be followed. But if the interval between now and the general election is to be taken up with a discussion of all the old protection-free trade issues, it will be difficult to produce a satisfactory formula which will survive the inevitable stress and turmoil. There is every likelihood that a large section of the Conservative party will continue to agitate throughout the winter for the extension of safeguarding to iron and steel, and neither of the Opposition parties are likely to let the subject drop. They will certainly do their best to ensure that "protection" ousts rating reform and local government reorganisation from their pride of place. If Conservatives themselves help them in this by neglecting their new reform scheme in favour of protection, it is

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easy to foresee the inevitable pressure towards an election at which the future of the fiscal system will be the main issue.

Most observers would agree that such an issue would probably be fatal to the present Government. Experience has shown that the electors are not prepared to change their long-established views on the broad question of principle which is involved. While it is true that there are fewer doctrinaire devotees of either dogma in its extreme form, the massed force of conservatism—using the term in a wide sense—would almost certainly be fatal to any party which attempted a frontal attack on the general free trade system, and it is believed that the increase in the number of women voters will strengthen this attitude. If protection, moreover, is going to be pressed upon the party, the result is sure to be internal disorganisation. Mr. Churchill could scarcely stay, and many Unionist free traders would join him when he went. Had the Prime Minister indeed acceded to the request which was made to him by more than half the Conservative party, there must have been a general break-up of that party and a regrouping of political forces in the country.

All these possibilities made the situation deeply interesting to the instructed looker-on. It must be admitted that Mr. Baldwin, in his handling of it, showed both serenity and adroitness. Probably, however, the Home Secretary's intervention made his task easier. Sir William Joynson-Hicks has a gift for turning tragedy into farce, and on this occasion by his capacity in that direction he did yeoman service to his party. A mild indiscretion from Mr. Amery was alarming—a blazing indiscretion from Sir William—*solvuntur tabulae risu*. At all events, the Prime Minister has succeeded in turning down his supporters without encouraging his opponents. With wit and good-temper, and that mischievous and rather pawky humour which is characteristic of him at his best, he overcame the immediate difficulty, and brought the session to an end with

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a definite personal triumph. He subsequently addressed a letter to the Chief Whip, which was published in the newspapers, further defining his position—if this expression is applicable. It is at any rate evident from it that he has not abandoned the attempt to bring about a permanent reconciliation of Mr. Churchill and Mr. Amery. He reaffirms the anti-protectionist pledges which he gave in 1924; but he also says that safeguarding, the policy adopted at the last election, will be continued and he speaks of simplifying the procedure, adding "that no manufacturing industry will be barred from presenting its case before the appointed tribunal." Under this somewhat cryptic formula he still hopes to rally the party and the country. But whether he will be able to surmount the difficulties which are inseparable from such a course yet remains to be seen.

II. THE PRAYER BOOK

THE deposited book in its revised form, after passing through the Church Assembly, came before the House of Commons on June 14, and after a debate which lasted for over two days it was rejected by a somewhat larger majority than before, the actual figures being 266 against and 220 for, as compared with 240 and 207 in December.

The debate again reached a high level, although feeling was much more restrained than on the first occasion and the atmosphere less tense. Lord Hugh Cecil retrieved his failure in December by making incomparably the best speech in favour of the measure. Sir Boyd Merriman, who moved its acceptance, also acquitted himself with credit; but Sir Thomas Inskip, the Attorney-General, was far more effective in his opposition than the Solicitor-General was in his support. Sir Robert Horne and the Duchess of Atholl also made a strong appeal for the

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support of Scottish members, and although the Prime Minister made less impression than he did in the previous debate, Mr. Churchill brought forward a most powerful argument from a somewhat original angle in support of the measure. Certainly the supporters of the book had this time no reason to complain of their advocates. The case was argued with learning, brilliance and zeal. Notwithstanding this, however, at no time during the debate, as far as one could judge from appearances, was the result in doubt. The hostile forces were clearly superior in numbers and in intensity of feeling.

An analysis of the voting figures shows that, whereas in December 65 of the 155 Labour members abstained from voting, there were only 45 abstentions this time, and the hostile Labour votes rose from 54 to 75; Labour support, on the other hand, dropped from 35 to 28 votes. Among the Conservatives, 167 voted for the new book in December and 191 in June; the opposition in their ranks also rising, though only by two votes, from 160 to 162. Once more a majority of English members voted "Aye"; once again a considerable majority of the members who are reputed to belong to the Church of England were in favour of the measure commended to them by the authorities and the Assembly of their Church.

Immediately after the second rejection the Archbishops of Canterbury and York issued a joint appeal calling for an attitude of "quietness and patience," and on July 20, at the opening of the summer session of the Assembly, the Archbishop of Canterbury presented his view on the situation in a lengthy and statesmanlike address. He announced that it was not to be expected that the Assembly should present a further Prayer-book measure to Parliament at the present time—the Home Secretary had, it may be remembered, with characteristic enterprise taken upon himself, in addition to his already diverse duties, the task of submitting to Parliament a revision of the Liturgy of the Church of England in a form that it could accept. The

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Archbishop reaffirmed the "fundamental principle that the Church—that is the bishops together with the clergy and the laity—must in the last resort, when its mind has been fully ascertained, retain its inalienable right, in loyalty to our Lord and Saviour Jesus Christ to formulate its faith in Him and to arrange the expression of that holy faith in its form of worship," but at the same time he did not commit the Church to any rash or unconsidered step, and he deprecated taking the decision of the House of Commons as a challenge or raising "quite needlessly" a constitutional issue. The following paragraph is of special interest in connection with that issue.

I venture (he said), while carefully regarding the matter with all the gravity that it demands, to express my own judgment that no such far-reaching challenge was intended. If the House of Commons by its vote on June 14—a vote which I deplore—is supposed to have flouted or violated the well-proven working arrangement of Church and State, the House did it, as I think, with no intent of a constitutional kind. Many of those who rejected the resolution believed, however mistakenly, that they were voicing the real underlying wish of a majority of Church folk in England. That is my own view of the vote given, but it is only my personal view, and I have no right to take for granted the agreement of any group, large or small, in this Assembly. I have spoken for myself alone. But I pray you realise that while I am trying to speak quite honestly about the vote, I consider it to have been a gravely mistaken vote. At first sight one might deem it a disastrous one, deplorable both in its incidence and in its possible consequences. It was perfectly legal. Those who voted on either side were exercising a right conferred on them by the Enabling Act, an Act passed by Parliament at the request of the Church which had framed that Act. But the House of Commons in thus exercising its unquestionably legal power departed, lamentably as it seems to me, from the reasonable spirit in which alone the balanced relationship of Church and State in England can be satisfactorily and harmoniously carried on. While claiming to appraise what can be called Church opinion, it deliberately traversed the declared desire of the Church's official and representative bodies—Bishops, clergy, and laity. It declined to respect the wishes of the solid central body of Church opinion duly expressed and recorded both centrally and locally throughout the land, and it allowed itself, on the contrary,

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to be influenced by the representations of the strange combination of vehemently opposite groups or factions of Churchmen united only in their resolve to get the Measure and the Book defeated.

The widespread interest which the debate brought out was welcomed by the Archbishop.

Would you have thought it better (he asked the Assembly), that the measure should have passed casually into law in a half-empty or listless House than that it should even have been defeated under the conditions of interest which actually prevailed in the House and in the country? Such interest means, and ought to mean, a great deal for us all.

The Bishops will hold another meeting in September to consider the whole position, and the Archbishop expressed the hope that in the meantime a strong committee of statesmen and ecclesiastics would be formed to study the situation and suggest any modifications that may be necessary in the relations between Church and State.

The Archbishop's speech contrasts favourably with the line taken by disputants of a more acrimonious and partisan kind. Extremists on both sides would make capital out of the embarrassment of authority, and they have not made things easier for those on whom the responsibility will rest next September of choosing the course which the Church is to follow. The Bishops have to steer an even course amid conflict, and no one can yet say what will result from the crisis. But the traditional capacity of English statesmanship to find a way out of even the most complex of situations will encourage moderate Churchmen to hope that a solution will ultimately be found equally satisfactory to both Church and State.

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III. THE INDUSTRIAL PROBLEM

WHILE politicians of all parties have been considering the present position of the iron and steel industry from the point of view of the tariff question, acute observers have been engaged in a far more fundamental enquiry. It is becoming more and more recognised by all those who know the conditions which surround our basic industries, that a complete reorganisation will be necessary if they are once more to become an effective force in international competition. Under existing conditions Great Britain is labouring under serious difficulties both technical and financial. The present production of our steel works is not more than about $7\frac{1}{2}$ million tons a year. The capacity of the plant is something like 12 millions, and though it may be conceded that a considerable proportion of the plant is out of date and needs renewal, yet there is no doubt that a more rational system under which production and distribution could be controlled would sensibly diminish the operating costs. Grouping the various undertakings would make it possible to concentrate on production. Obsolete and obsolescent plants would be closed down, and new plant developed. A uniform control of production and sales would enable great strides to be taken in technical equipment. Instead of the existing arrangements under which scarcely any plant is being worked to its full capacity it would be possible to operate the most modern plants at their highest power, and to arrange for the different concerns to specialise on the branches of the industry for which they are best adapted. In short, rationalisation and reorganisation are felt to be essential if the industry is to revive and flourish.

But although these or ideas of a similar kind are current in circles which are best informed on industrial and economic questions, it is generally recognised that there are immense

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obstacles to be overcome before any such policy could hope to succeed. In the first place, a large proportion of the existing undertakings are seriously embarrassed from the financial point of view, and although the banks are heavily involved, they have never considered it their duty to advise their clients on commercial policy. They would indeed be reluctant to depart from this well established principle of English banking. Secondly, a great deal of opposition to rationalisation would be met with among the higher personnel of the industry. Internal jealousies join with self-interest and conservatism in barring the road to progress. Thirdly, it is difficult to attract fresh capital into the industry under present conditions, and fresh capital is urgently required.

More and more emphasis is nevertheless likely to be laid on this aspect of the problem as the months go by. Some people believe that it is the duty of the Government to give the necessary impetus, and to support the movement in the direction of reorganisation by putting pressure on the banks, or even by offering the assistance of the national credit, and it may be that such a course will appeal to the present Administration, either because they feel it to be a sound economic solution of the difficulty or because it seems the easiest means of escape from what may prove a serious political difficulty. It is certainly true that until actual figures based upon expert knowledge are available to show what could be saved by putting the management and organisation of the iron and steel industry on the most efficient possible basis, no intelligent judgment can be passed on the question as to whether or not assistance by means of a tariff would be either necessary or justified, quite apart from the larger question of principle that is involved.

The cotton position is much the same. The state of the textile industries generally accounts for a large proportion of the unemployment and under-employment in the country to-day. Some of the difficulties which the

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cotton trade has had to face are clearly not of its own making, but there is no doubt that we are still paying for the riot of speculation and inflation which accompanied the boom period immediately after the war. Fortunately, in spite of inflammatory causes and one or two avoidable disputes over comparatively trifling issues, the relations between capital and labour have been marked by good sense and moderation in this as well as in other industries, and some awkward crises referred to in recent issues* have been surmounted. The latest dispute was at the Ramsey mill at Oldham, where the operatives struck work late in July because of the refusal of a spinner to join the Union, but it too has now been settled, and a threatened lock-out of 240,000 workers in the spinning section of the Lancashire cotton industry, in which the employers were determined to stand by the Ramsey mill owners has been averted. Broadly speaking, there may be said to be a general recognition to-day among all sections of the cotton trade and the textile industries generally, that a statesmanlike solution by common agreement is necessary. But here again, whatever the other contributory causes, financial reconstruction and general reorganisation are the essential conditions of future prosperity. During the last three months there has been no definite improvement in the demand for cotton yarn and cloth. The Manchester correspondent of *The Economist*† considers the financial position to be worse than at any time since the depression began in 1920. "There is still," he writes, "an absence of bulk trade in standard goods, and although spinners of fine yarns and makers of fine cloths continue to hold their own fairly well there has not been the slightest indication of a more favourable situation for firms engaged on coarse and medium cloths. Competition in the outlets of the world is very severe, and Lancashire producers are un-

* THE ROUND TABLE, No. 70, March 1928, pp. 362-364; No. 71, June 1928, p. 588.

† *The Economist*, August 4, 1928.

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doubtedly seriously handicapped by high overhead charges." A good deal of spade work has, however, been done and the Lancashire Textile Corporation, Limited, the largest mill amalgamation that has taken place for years, is shortly to be registered. At least fifty mills, controlling five million spindles, are expected to join it, and the organisation will, it is said, buy cotton, purchase consumable stores, spin, and also set up a sales department both for the home and overseas trade, as well as deal with the financial side of the corporation. The banking problem in this case is very like the one to which reference has already been made in connection with the iron and steel industry.

As far as the railways are concerned, progress has been made during the period under review. The Government have announced their decision to ante-date the special relief promised under the budget to railway freights. This part of the scheme is to come into effect on December 1, 1928, instead of on October 1, 1929. The main object of this concession is to give timely assistance to the export coal trade and to the heavy industries generally. But the railways may expect to gain, if a larger amount of traffic results from these cheaper rates. Moreover, in the course of the present session, after a most interesting second reading debate in the House of Commons and after careful and exhaustive enquiry before a joint select committee of both Houses, the Bills promoted by the railway companies with the object of obtaining powers to run road services have been passed by Parliament. It is confidently expected that the companies will reap substantial advantages from these increased powers, and be able to use the road to attract traffic to the railways, while at the same time retaining their freedom to compete with other road transport undertakings.

Another important concession, in respect of wages, has also been obtained by the railway companies by negotiation with the trade unions concerned. After a short parley between the two sides, agreement was reached,

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the general basis of the settlement being that a reduction of $2\frac{1}{2}$ per cent. in wages should be made in the case of all classes of railway employees, including directors. This small but significant gesture by the management has undoubtedly been of service in obtaining an agreement, and on the side of the unions, credit is due to Mr. J. H. Thomas and to Mr. Bromley for the good sense which they showed during the negotiations, and for the courage with which they have recommended their members to accept the agreed reduction. Although the necessity for bringing down wages is an unpleasant one and equally unwelcome to all parties, yet the need was recognised as pressing by all sensible and impartial critics, and as it is, the reduction, which will take £3,000,000 off the wage bill for the railways generally, has only reduced the leeway which will have to be made up in the present year by the companies by about a third. The episode is at all events an encouraging one for those who look forward to the gradual establishment of reasonable relations between capital and labour, and is an object lesson to other industries with disputes to settle. It is to be hoped that the railway companies will be no less ready to propose an increase of wages and an improvement of conditions if and when the economic circumstances of the undertakings justify such a course.

Meanwhile the position of the coal trade has been mainly one of gloom. The report for 1927 just issued by the Secretary for Mines shows a year of extreme depression. Though the output was greater by 8 million tons than the output for 1925, a decline soon followed the improvement after the collapse of the 1926 strike. Unemployment is still increasing—for industry generally, indeed, it is again well over a million and a quarter—and in certain areas, particularly in South Wales, and in the two north-eastern counties of Durham and Northumberland great distress exists among the mining population. Special attention is drawn to the plight of the necessitous districts

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by the Industrial Transference Board, presided over by Sir Warren Fisher, which has just presented a report which, if it is of a rather negative character, offers some useful criticism of existing conditions. A good deal is said in it about the slow progress of oversea settlement, and attention is drawn to the comparatively meagre results attained under the Empire Settlement Act of 1922. The question of emigration is however dealt with in another article.* The proposals put forward have mainly to do with the details of the arrangements for the absorption of labour within Great Britain, but if that problem is in no way solved by the report it is at all events presented in a form that will arrest attention.

To return, however, to the coal industry, in spite of its special difficulties there have been hopeful developments in its conduct. Amalgamation is going on between the smaller concerns and even between groups of large undertakings. The formation of selling agencies continues, and the five counties scheme, as it is called, is establishing itself. The uneconomic pits are going out of production and effort is being concentrated on the more productive enterprises. As far as foreign competition is concerned costs have been reduced to near the American level, and, except for wages, below the German. We see in the newspapers that it is estimated that perhaps three million tons of coal are to be exported in the next twelve months from Hull and other ports; one million of them, as it is believed, for Germany, and there are accounts from Newcastle of good orders for Denmark and Bordeaux. The industry is nearer bed-rock for the purpose of a fresh start. But much remains to be done and, in the opinion of qualified judges, a far more radical reorganisation will be necessary along more comprehensive lines if the industry is to make a rapid or lasting recovery from the depression of the last few years. Here, as in other industries, rationalisation is the slogan by which these tendencies are properly described. In this connec-

* See p. 777.

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tion a private meeting of representatives of the three district marketing systems and of owners generally was held in London at the end of July to go into the question of the national organisation of the coal fields as regards reorganisation for working purposes. Rationalisation, however, demands more than verbal repetition to become effective. The coal trade, like other basic industries, is looking, not without hope, for the bold and imaginative leadership of individuals to guide it towards better and more stable conditions.

The peace in industry movement has continued. On July 4 the Mond Conference recommended a national industrial council on which the trade unions would be represented by the General Council and the employers by the National Confederation of Employers' Organisations and the Federation of British Industries. There would also be machinery to prevent disputes under a joint standing committee. These recommendations have still to be adopted by the two employers' organisations, and also by the Trades Union Congress, but the General Council has approved of them, and on June 27 it rejected a proposal by Mr. Hicks and Mr. Cook to bring the Mond Conference to an end. A similar motion by Mr. Cook was rejected by the miners the week before. A crusade was also launched by Mr. Cook and Mr. Maxton against the peace in industry idea. They complained, too, that the class character of the Labour party was not being sufficiently emphasised on the political side. No doubt their words did not always fall on deaf ears, and Mr. Cook was again elected to represent the miners on the Trades Union Council, receiving nearly twice as many votes as his colleague ; but Labour is clearly determined to give the peace movement a fair trial. They know what the other thing means.

IRELAND: EVENTS IN THE FREE STATE

I. POLITICAL

THE revision of the Constitution has once again become the dominating political issue in the Free State. Originally drafted hastily in the throes of civil war by a scratch committee, presided over by the late Darrell Figgis, who searched the constitutions of the world for every peculiar democratic device and embodied them in their draft without proper consideration of their suitability, it bears the marks of its origin. Several of its provisions have no relation to the realities of Irish political life. As it can only be amended by ordinary legislation during the first eight years after it comes into operation the Government appointed a Cabinet Committee in 1926 to consider what amendments were necessary. The report of this Committee has never been published although last year certain minor amendments suggested by it were passed into law.*

But far more serious and urgent constitutional questions arose last May when Mr. de Valera presented to the Dail the long-threatened petition† organised by the Fianna Fail party calling upon the Oireachtas (Parliament) to make provision for the initiative. This petition was presented under Article 48 of the Constitution, which provides that

* See THE ROUND TABLE, No. 66, March 1927, p. 344.

† See THE ROUND TABLE, No. 68, September 1927, p. 790, and No. 70, March 1928, p. 368.

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the Oireachtas may make provision to enable the people to exercise the initiative, and that if it fails to do so of its own volition it must do so on the receipt of a petition signed by not less than 75,000 voters. If the Oireachtas rejects any provision duly initiated it must be submitted to a referendum. No provision for the use of the initiative has yet been made, so that the Fianna Fail petition should only have asked that this be done. But as a bait for Republican voters, who know little and care less about the initiative, the petition also contained a statement that the petitioners desired to use the initiative for the purpose of deleting the oath of allegiance from the Constitution. The petition thus placed the Government in a serious dilemma. If they refused to accept the petition they could be definitely accused of not carrying out the provisions of the Constitution, of which they had peculiarly constituted themselves the champions, whilst if they accepted it they were opening a road to the abolition of the oath of allegiance which would be repugnant to the Treaty of 1921 and therefore illegal under the second clause of the Constitution Act itself. The Speaker declined to rule that the petition did not come under Article 48 and the Government, who were apparently both surprised and nonplussed, did not seem to have any tactical scheme for dealing with the situation. Mr. Cosgrave asked the Dail to reject the petition outright on the grounds that it should be delivered to the Oireachtas (*i.e.*, the King and the two Houses of Parliament) and not to the Dail alone, and that two general elections in one year had decided against the Fianna Fail proposals, but he could not escape from the fact, which was clearly pointed out by Mr. O'Connell of the Labour party, that he was asking the Dail to disregard the Constitution. The situation was, however, saved by Professor Thrift, one of the Independent members for Trinity College, who proposed as an amendment that the consideration of the petition should be postponed until the Oireachtas had prescribed the procedure to be adopted for the presentation

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of petitions under Article 48. This ingenious method of sending the fool farther was welcomed with great relief by the Farmers, the Independents, and the rank and file of the Government party and accepted by the Government after they had made it clear that they meant to introduce legislation for the complete abolition of the initiative. A Bill for this purpose had been already introduced in the short session after the murder of Kevin O'Higgins, but was abandoned.* In moving his amendment, which was carried by a majority of 12 votes, Professor Thrift made an eloquent appeal for a cessation of this sterile controversy concerning the Treaty, pointing out that there were hundreds of serious problems such as unemployment, housing and the like to be solved, and that they could only be tackled by intelligent co-operation and a united purpose to serve the common good of the country.

At the same time as the Dail was discussing the initiative petition the Joint Committee of the Dail and Senate appointed to consider the changes necessary in the constitution of the Senate, its powers and the method of electing its members presented its report.† Its principal recommendations were, as regards the constitution of the Senate, that the number should be sixty as at present, that the minimum age for eligibility for election be thirty instead of thirty-five, and that the term of office of its members be nine instead of twelve years; as regards the method of election, that election by direct vote of the people is undesirable and that election in future should be by the Dail and Senate voting together on principles of proportional representation from a panel of candidates formed by a nominating college representing agriculture, labour, education, commerce and national development, but they were not able to agree as to a satisfactory method of constituting such a college; as regards the powers of the Senate, that

* See THE ROUND TABLE, No. 68, September 1927, p. 790.

† See THE ROUND TABLE, No. 70, March 1928, p. 369, and No. 71, June 1928, p. 596.

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its power of demanding a referendum be removed save in the case of a Bill to amend the Constitution, and that its power of enforcing the suspension of a Bill with which it disagrees be increased from nine to eighteen months, and that the disqualification of members of the Senate, for membership of the Executive Council be removed. Mr. de Valera and his lieutenant, Mr. Ruttledge, were members of the Joint Committee but dissented from many of these decisions. Armed with this report, the recommendations of which were approved and anticipated by informed opinion, and the decision of the Dail concerning the Fianna Fail petition, the Government early in June introduced a series of Bills to implement the Joint Committee's report and to repeal Articles 47 and 48 of the Constitution which provides for the use of the initiative and referendum. Mr. de Valera thereupon committed the hopeless blunder of announcing that his party would obstruct all government business and so justified the Government in applying a drastic closure resolution. Had he embarked on a campaign of obstruction without announcing it he could have plausibly claimed that the Government was suppressing free discussion, but after his declaration his protests were merely ridiculous. His party have not been really effective in their new rôle, and although various disorderly scenes have occurred and members have been suspended, the tact and firmness of the Speaker, in spite of serious provocation, have enabled the Dail to weather the storm. It even had its first all-night sitting without any explosions—indeed the early morning air seems to have soothed the deputies' tongues and tempers.

The Government maintain that both the initiative and referendum are unnecessary and dangerous to the stability of the State, and it is perfectly obvious that their dislike of both these ultra democratic methods of exciting the electorate is inspired more by their present application than their future use. There can be little doubt, however, that they are not suited to a country such as ours where

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the majority of the people are fonder of destructive than constructive criticism and where political manœuvring has been reduced to a fine art. The use of the referendum has only been seriously threatened on two occasions since the Free State was established, once to upset the boundary settlement and afterwards against the stringent Public Safety Act passed after the murder of Kevin O'Higgins. On both occasions its use would have been fraught with serious consequences to the public peace, and for that reason the Government were able to prevent its application. The Government are really to be censured not for seeking to revise the Constitution, but for not doing so long ago. This work should have been delegated to a committee representative of all parties in the Dail as was suggested by Captain Redmond a year ago. It is only in this way that the serious and difficult questions involved can receive the consideration they deserve. The piecemeal handling of such problems is both unsatisfactory and undesirable. The Government Bills for the reform of the Senate have been much less open to criticism because they are based on the report of such a committee. It is obvious that some such revision must be carried out before the Constitution becomes rigid in 1930, after which date a majority of voters on the register is necessary to secure the passage of constitutional amendments. Indeed, the Government have indicated during the recent debates that they have been considering whether they should extend the period during which the Constitution remains flexible and can be altered by legislation in the ordinary way, or substitute for the referendum on constitutional amendments that afterwards comes into operation a provision by which such amendments would become operative if passed as an Act of the Oireachtas in two successive Parliaments. Mr. de Valera declined to commit himself off-hand to either of these solutions, but obviously welcomed any device which would enable him if he were in power to amend the Constitution without having recourse to a referendum, an attitude not very

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consistent with his present ardent desire to retain that instrument for the purpose of harassing the Government. The truth is that the opposition to the present suggested amendments of the Constitution would largely disappear if Fianna Fail felt that it could afterwards repeal them again without serious difficulty if it so desired. Our politicians are not unlike Chinese generals in that they do not mind how much noise they make so long as no one is really hurt. Nothing could be really more humorous than to find Mr. de Valera posing as the defender of the strict letter of the Constitution and Mr. Cosgrave engaged in the candid criticism of its defects and the alteration of some of its principal articles. The Fianna Fail party allege that the alterations in the constitution of the Senate are the result of a secret bargain between the Government and the ex-Unionist element in that assembly, because the latter could not hope for re-election next December under present conditions involving election by the people direct ; but the Government reply that there is no such bargain, that they are acting on the report of the Joint Committee, and that in any event to exclude such men from the political life of the nation is not only bad for the country but contrary to the fundamental principles of Irish nationalism.

Under the new proposals the Senate vacancies will be filled by the Dail and Senate voting together from a panel nominated by the Dail and Senate in equal parts. It is to be feared that this method will turn the Senate into a home for our decayed politicians. The Labour party has, without much enthusiasm and apparently for purely academic reasons, supported Fianna Fail in its demand for the retention of the initiative and referendum, and the Farmers and Independents have practically all voted with the Government. Fianna Fail could have forced the Government to submit their proposals to a referendum had not Mr. Cosgrave persuaded the Dail and Senate to declare by resolution that the Bill for the abolition of the initiative and referendum was necessary for the immediate

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preservation of public safety. Although it is true that Mr. de Valera made vague suggestions of possible violence should the Government persist in their projects, it is impossible to believe that the facts are as stated in this resolution which is inspired by motives of political expediency rather than fear of public explosion. In fact, it may be doubted whether half the electorate could be persuaded to vote on the issue involved and it will certainly not resent the Government's action in depriving it of the opportunity. The small number of votes cast in the recent local government elections indicates that the average voter is not excited about public affairs and discounts much of the histrionic clap-trap about the voice of the people which has been heard in the Dail. Professional politicians in Ireland, as elsewhere, are always apt to take an exaggerated view of their own importance and one may safely say that the general public is more bored than excited by all these constitutional alarms and excursions which have resulted in a postponement of the discussion on most of the estimates until the autumn. At the same time it might be well for us to remember the severe verdict of Thucydides in a similar case that "a man who takes no interest in public affairs is not a harmless but a useless character."

Mr. de Valera's only constructive contribution to recent legislation has been the introduction of a Bill to alter the present system of appointing local government officials. Under the Act of 1926* all the important appointments are now made by the Local Appointments' Commission whose recommendations must be accepted by the local councils. This is one of the best Acts passed by the present Government. It has stopped the canvassing and corruption which formerly existed, and will in time establish a completely competent local government civil service. In the past, character and qualifications were of no avail

* See THE ROUND TABLE, No. 64, September 1926, p. 820, and No. 69, December 1927, p. 152.

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against the local "pull," now they are all that count. Mr. de Valera's Bill seeks to whittle down the powers of the Local Appointments' Commission and to compel them to send down three names to the local authority for selection, thus opening the door once more to the intrigues which the Act of 1926 abolished. Dr. Hennessy, the Secretary of the Irish Medical Association, who is a member of the Dail and naturally well acquainted with the working of the past and the existing methods of appointment made it clear during the debates that not only had the new system increased the number of candidates for vacancies in the public service, but had raised the general standard, for the highly qualified men were no longer afraid of being defeated by inferior "favourite sons" of the local council. Moreover, he pointed out that no medical applicant had complained to any professional association that he had been unfairly treated by the appointments' Commission. Mr. de Valera's Bill was rejected by the Dail on second reading.

The decision of the Judicial Committee of the Privy Council in the Wigg-Cochrane case* concerning the question of compensation to civil servants has been the subject of further discussions between the British and Free State Governments with the result that it is now admitted that the original decision of the Judicial Committee proceeded on incorrect assumptions of fact. The British Government have asked that the matter be referred again to the Judicial Committee by a special reference under the Judicial Committee Act 1833 and the Free State Government have agreed to this course. One might perhaps put the matter more clearly by stating that the Judicial Committee having made a mistake is to be given an opportunity of changing its mind. It is understood that Messrs. Wigg and Cochrane are not to be damnified by the new decision, and so by a little legal ingenuity everyone's face will be saved. In a wider sphere the Free State has taken

* See THE ROUND TABLE, No. 71, June 1928, p. 594, *et seq.*

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its first big step in international affairs by accepting unreservedly the first invitation of the United States Government to join in the proposed treaty to outlaw war. Mr. de Valera was naturally filled with deep suspicion as to the attitude of the Executive Council to the British reservations and raised the matter in the Dail, stating that his party wanted to be dissociated from any form of reply which would imply that the Free State recognised Great Britain's right either to hold this country or any other country or to say that there are any particular areas in which she had any right to use war as an instrument of aggression. Mr. McGilligan, the Minister for External Affairs, pointed out in reply that the Free State Government spoke for themselves, that no one else could speak for them, and that they had no more right or reason to discuss the reservations contained in the British note than those in the French reply. It is rather typical of Fianna Fail mentality that the larger aspects of this momentous American proposal were not even mentioned during the debate. The invitation to participate proves clearly, if proof were needed, the absolute international freedom of the Free State. Mr. de Valera's peculiar glasses enable him to see a sinister English plot concealed in every diplomatic document, but his education is advancing and we may hope that he will some day realise that his anti-English complex is only a relic of the slave mentality which has not sufficient courage to treat England as an equal and a friend. The Free State will certainly give its whole-hearted and active support to the proposed Kellogg pact, for it has no reservations in its desire for peace.

At present the position of the Government seems to be fairly secure, and with reasonable luck they may last out their full term, for the Fianna Fail party has not gained ground either in the Dail or the country. Several important and difficult questions must, however, come up for discussion in the near future. Among these will be the legislation arising out of the report of the 'Town Tenants'

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Commission* which contains far-reaching recommendations of a highly technical nature. The Commission recommends that, with certain qualifications, fair rent, fixity of tenure, and free sale—the historic “three F’s” of the Irish farmer—should be conceded to the town tenants. The decisions of the courts did much to nullify the benefits which the Town Tenants’ Act of 1906 was intended to confer on town tenants, and it remains to be seen whether simple and effective machinery can now be devised to strike a fair balance between town landlords and tenants. It is suggested that the Circuit Court, assisted by the Valuation Office, should act as the rent-fixing tribunal. The proposals are much more favourable to the tenants than the recent English legislation, which is largely modelled on our Act of 1906. Whatever action the Government may decide to take, much controversy will result, and the town tenants will certainly not admit they are satisfied. The liquor trade is also girding its loins for a fresh fight over the drink duties, but they can have little hope of success, because Mr. de Valera has had the courage to state that his party will stand up against its influence and assist anybody to prevent interests of the kind from having the power to make and unmake the country. If poor Kevin O’Higgins could have counted on such a backing when he was dealing with this question two years ago, he would not have had to compromise as he was forced to do, but his party cannot afford to lag behind Fianna Fail, and his work is secure. It is now exactly a year since he was murdered, and it is clear that in his death as in his life he served his country. The events flowing from that terrible crime led directly to Mr. de Valera’s party, Fianna Fail, entering the Dail, and must lead to their ultimate absorption into the normal political life of the country; in other words, to the definite stabilisation of the Free State. It was a terrible price to pay, even for such a

* See THE ROUND TABLE, No. 66, March 1927, p. 347.

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result, but one cannot doubt that the obscure scoundrels who killed him must stand aghast at the result of their handiwork and that his death has not been in vain.

II. ECONOMIC AND GENERAL

THE returns of imports and exports issued by the Department of Industry and Commerce continue to show a definite improvement in our economic position, and to justify Mr. Hogan's agricultural policy. The entire trade for the twelve months ended May 31 last amounted to £102,777,000, or £1,122,000 more than for the twelve months ended May 31, 1927. But the most satisfactory feature is that the expansion is chiefly due to the increased export of our native products. There has also been a substantial reduction of imports, and the adverse trade balance is down by over four millions. Taking the first five months of the present year, we find that imports have decreased by £746,000 to £23,741,317, while exports increased by £1,417,000, so that in this short period last year's adverse trade balance has been reduced by over two millions. A satisfactory feature of the returns is that imports from Great Britain have increased by £261,000, whilst exports to the same country have risen by £545,000. The imports from "other countries" show a reduction of nearly one million sterling. This is as it should be, for we should buy goods as far as possible from our own best customer. Our exports to "other countries" for five months amounted to the insignificant total of £579,931, or less than an eighth of what we bought from them. Food-stuffs like wheat and maize we must, of course, buy from the United States, the Argentine and Canada, as we cannot get them elsewhere, but what do we get from Holland or Belgium that we could not buy from Great Britain or produce ourselves? Our exports to Germany are a tenth of our imports, but this is due to the machinery and equip-

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ment imported by the German contractors for the Shannon scheme. Cattle show an increased export of one million sterling for the first five months of the year ; but there is a decrease in the value, though not in the number of pigs exported. Egg production has also increased considerably. In spite of the protective duties the imports of boots and clothing show an increase, and our female population would seem to have succumbed badly to the world-wide fashion of displaying their legs in silk, or imitation silk, stockings, because our imports of hosiery are now £100,000 a month. The moral of all these figures would seem to be that the quickest and best way of increasing our national wealth is by the efficient production and sale of our agricultural produce, and that the steps which have been taken to achieve this end are bearing fruit. The recent Holyhead conference between the representatives of the Free State export trade, the leading English importers, and the directors of the London Midland and Scottish Railway shows that sensible people on both sides of the Irish Sea are beginning to realise that our economic interests are identical. Mr. Cosgrave, who was present, announced that owing to the improvement in the quality of our butter the national mark on it would be brought into use this year. During the last year there has been a complete reorganisation of the creamery industry due to the purchase and elimination of the proprietary creameries, a development of creameries in new areas, and a combination of 80 per cent. of the co-operative creameries for the purpose of selling their products in the best market and at the best price.

At the recent annual meeting of the Irish Agricultural Organisation Society Sir Horace Plunkett rightly claimed that Irish farming had been saved by a handful of dreamers and idealists, who made the Irish farmer realise the necessity for new and scientific methods if he was to hold his position in the world markets. The programme of voluntary organisation on the business side, and State assistance

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on the productive side which Sir Horace originally laid down nearly forty years ago, has now come to fruition, and nothing can hinder its full development save a policy of senseless protection for either agricultural or industrial goods. Every demand for industrial protection must therefore be rigorously examined. The report of the Tariff Commission rejecting the application of the Flour Millers' Association for a tariff of three shillings on every 280 lb. sack of flour imported into the Free State indicates that such an examination is essential. The arguments for the tariff were that it would increase wages by about £100,000, give employment to about 153 new workers and full-time employment to the present employees; the arguments against, that it would lead to an increase of one farthing in the cost of every 2 lb. loaf and cause Messrs. Jacob to remove their biscuit factory outside the Free State—a step which would lead to the disemployment of 2,000 people. It was obviously impossible to increase the cost of the staple food of three million people in order to give employment to less than two hundred. There is no doubt that there is at present considerable dumping of English flour in the Free State, but it may be doubted if the tariff asked for would stop this happening, and, if it did, whether the English millers might not establish mills in the Free State and extinguish the Irish mills as the English tobacco combine has already done in the tobacco trade. The Irish milling industry needs to be thoroughly reorganised and concentrated in up-to-date port mills, and perhaps the decision of the Tariff Commission will lead to this desirable result. One of the Commissioners suggested that a bounty might be given on wheat milled into flour in excess of the average for the past few years, and that a further bounty might be extended to home-grown wheat. Fianna Fail have strongly supported the millers' demand. Mr. de Valera expressed alarm as to our food supplies in time of war, if we did not become a self-sustaining nation, quite forgetting that man does not live

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by bread alone and that, even if Ireland were completely blockaded, we have an ample supply of other foodstuffs which we could not then export. It certainly seems as if we may count on every possible and impossible protective tariff being applied if and when Fianna Fail gets into power.

Another economic problem which the Government is about to deal with is afforestation. Ireland possesses the smallest proportion of timbered area of any country in Europe. Only 1.4 per cent. of the total area of Ireland is under wood, compared with 5.1 per cent. for England and Wales and 6.1 per cent. for Scotland. Denmark ranks next in sparsity of timber, having 8.2 per cent. of its area under wood. Belgium, France, Norway, Portugal, Germany, Russia and Sweden follow in that order, the forest area of the last mentioned being 55 per cent. of the total area. The Irish Free State has only about 240,000 acres of woodland, and this represents 1.2 per cent. of the total area. The policy of the forestry branch of the Department of Lands and Agriculture is to increase the woodland area to at least 5 per cent. of the total area. This will entail the planting of 600,000 acres, in addition to conserving the 240,000 acres already in existence. The department has acquired for afforestation purposes 39,753 acres situated in twelve counties, mainly Wicklow, Tipperary, Leix, Galway and Waterford. In the last four seasons 9,348 acres were planted, with an average of 2,250 trees to the acre. A Bill has now been introduced for the protection of woods and forests and, as it has the support of all parties, is likely soon to become law. It is proposed to prohibit the felling or uprooting of trees except under certain specific circumstances or under a licence from the Minister of Agriculture. Such a licence may contain a condition requiring the planting of a new tree or trees to replace the ones cut down. Provision is also made for financing the new schemes of afforestation. In a country where for half a century forestry operations have been

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limited to cutting instead of planting there is much to be done.

Progress on the Shannon hydro-electric scheme is now becoming very marked. The excavation at the power station at Ardnacrusha is practically complete, the power house and turbines are in course of erection, and the excavation of the canal or head race is well advanced. Only three turbines are to be installed at present, but openings in the dam provide for the installation of three more when the final development of the scheme takes place. All through the country the transmission lines are being erected to carry the current, and this portion of the scheme is also nearing completion. Four big transformer stations will be erected at Dublin, Maryborough, Cork and Waterford. Dr. MacLaughlin, the distinguished young Irish electrical engineer who is the technical member of the Electricity Supply Board, stated recently at the Technical Industrial Congress in Limerick that one of the fundamental ideas underlying the charges must, and would most definitely be, that no consumer must be asked to buy electricity for the love of Ireland, for the love of the Shannon, or for any other idea than the love of his own pocket. Electricity must be sold for lighting at a lower rate when people could get equivalent lighting from gas or oil, and electricity for domestic purposes must be sold on a like basis. Moreover, he stated that Shannon electricity would be as cheap as electricity in Denmark or Sweden. This definite declaration of policy ought to convince the doubters that the Shannon scheme will be run as a business proposition.

Electricity of another kind has been generated by the publication of the correspondence between the directors of the Abbey Theatre and Mr. Sean O'Casey concerning the production of his new play *The Silver Tassie*. The play deals with soldiers broken in the war. In the first act, a typical Casey scene in the Dublin slums, the hero is seen returning triumphant from a football match and then

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leaving for the front ; the second act is a fantastic pantomime of the front in which only one of the original characters appears and in which a staff officer acts as a kind of harlequin ; in the last two acts we see the hero home from the war, crippled, in hospital, and at a dance where his sweetheart has deserted him for his pal who has escaped unscathed. The ostensible grounds on which it was rejected by the Abbey management were on account of its inequality and unreality ; but one has a shrewd suspicion that there may have been other reasons not unconnected with certain passages in the play that are both coarse and objectionable. It remains to be seen, if it is produced elsewhere, whether Mr. O'Casey, who is essentially the dramatist of the Dublin slums with their mingled tragedy and humour, has lost his grip. Certainly the letters, in which he chastises Mr. Yeats and others of our literary lights, would have lost nothing by being less vulgar and impertinent. The whole affair has not been inaptly described as " a storm in a silver tassie."

It remains to be seen whether the long-promised Bill to deal with evil literature will also make provision for dealing with the drama. It is obvious that the Government have not found it easy to frame proposals for what might be turned into a tyrannical censorship of thought. One need not be a reader of immoral literature to envisage a situation where such a censorship could and would be used to influence public opinion and to interfere with the reading of educated people. The State cannot effectually make people good, but it can and should preserve public order and decency. As far as evil literature is concerned it has already ample power for that purpose. To go further as is now proposed and to establish a censorship of literature is in effect to take from the individual the right to choose between good and evil and to seek to make universal particular standards of taste and criticism which cannot have a general application and which may be both ignorant and offensive. Such attempts have always failed in the past and will fail in the

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future. It is notorious that the worst pornographic literature is to be found in the countries where the strictest censorship exists. Evil things flourish in the dark, and curiosity nourishes what is forbidden.

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CANADA : THE DEEPENING OF THE ST. LAWRENCE

I. FORMER SCHEMES AND THE NEW PROJECT

THE deepening of the St. Lawrence is by no means a new project. The possibility of improving the river so that it might become the greatest commercial highway to the interior of North America began to agitate the minds of Canadians over a century ago, and the subject has been one of importance ever since. There have been several periods of very active interest, such as the one through which the question is at present passing, and in every case may be found many of the same arguments now so vigorously discussed by advocates and opponents of the scheme.

What might be termed the first St. Lawrence deepening scheme was finished in 1848, when there was opened a set of canals providing navigation around the rapids between Montreal and Kingston. With the first Welland canal, completed through the Niagara peninsula in 1829, a continuous channel at least nine feet in depth was provided from the ocean to the upper lakes. This project was a purely Canadian enterprise. It was carried through after over twenty years of discussion and investigation, and at great cost in relation to the financial resources of the two provinces which were the Canada of that day. There was considerable opposition to the scheme. Montreal and Lower Canada, like the Quebec of to-day, were against the project ; while Upper Canada, the west of that period, was in favour of it. The newspapers conducted long dis-

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cussions on such questions as the danger of navigation in the river and gulf, the reason for high freight rates from Montreal, the cost of insurance, or the short season of navigation ; and many of these have, indeed, so familiar a ring that they could be transferred with little change to the newspapers of the last ten years.

Expectations about the success of the waterway were high. The Erie canal, connecting Lake Erie at Buffalo with the Hudson River at Albany, had been opened in 1825, and its success went far beyond even the prophecies of its advocates. This was, in fact, one of the reasons for the improvement of the St. Lawrence, since the unimproved waterway faced the keen competition of rival routes to New York and New Orleans. The new waterway with its nine-foot channel seemed, however, to offer every prospect of outstripping the Erie canal. Steamships, which had been in use on the lakes since the early 'twenties, could be accommodated in the new canals ; and American lake ports shared the glowing anticipations of a direct trade between Europe and the upper lakes. The waterway had the additional advantage of a British preference on colonial imports into the United Kingdom. Since the loss of the thirteen colonies, British shipping interests had aimed at making the St. Lawrence a stronghold of monopoly and a source of profit. British West Indian ports had been closed to the United States for long periods, and the St. Lawrence was expected to supply products needed by the West Indies, and also to provide a kind of back door entrance for British goods into the western States of the Union. British legislation had provided that American grain and lumber exported through the St. Lawrence should enter British ports as if they were of Canadian origin, and should enjoy the tariff preference. The St. Lawrence had thus been tied to the old colonial system, and the Navigation Acts, while they perhaps discouraged commercial enterprise, were regarded as essential to Canadian prosperity.

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Advocates of the deepening scheme were doomed to disappointment even before the canals opened in 1848. With the collapse of the Corn Laws a blow was struck at colonial preference which brought the whole system tumbling down within a few years ; and the products from the St. Lawrence lost their advantage in British markets. The repeal of the Navigation Laws in 1849, opening the river to foreign shipping, provided only a partial compensation. Canada in the 'forties was also turning away from the enthusiasm for canals, and was entering on a period of railroad building. Nevertheless, in spite of the disappointment of the high hopes of the early 'forties, the waterway, later deepened to fourteen feet, has played an important part in Canadian development, and few would now contend that the decision to build it was unwise.

It was during this same period that the United States obtained the freedom to use the river which it has enjoyed ever since. For a number of years before 1848 American vessels had been descending to Montreal, although this practice, strictly speaking, was perhaps contrary to the Navigation Laws. In 1849 American, with other foreign vessels, were permitted to sail up the river to Montreal. A continuous voyage for an American vessel from the lakes to the ocean was, however, not yet permissible. With the new canals completed, it was necessary that American shipping should be induced to use them in order to increase the revenue from tolls ; and feeling in Canada, which had earlier been opposed to this privilege, now demanded that the canals should be opened to American vessels. In the western States there was a similar desire, and in the Reciprocity Treaty of 1854 the right of navigation through the canals was granted to American vessels. It is an amusing fact that Canada which favoured this concession was able to represent it as an inducement in obtaining the reciprocity agreement.

From this brief summary it is apparent that the opening of the St. Lawrence to continuous navigation from the

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sea to the upper lakes, and the participation of the United States in the use of the river, which are such important elements in the discussion of the present scheme, may be traced far back into the nineteenth century. The twentieth century has enlarged the arguments of the nineteenth, and has added some new ones. The great network of railroads throughout the continent is a factor whose importance was only foreshadowed in 1850; to the nineteenth century rivalry of the Mississippi, St. Lawrence, and Erie Canal, for the trade of the middle west, the opening of the Panama canal has added the competition of ports on the Pacific; while the Hudson Bay railroad, now nearing completion, will once more make that route an active competitor for the commerce of the central plain. Finally, hydro-electric power has entered on the scene and become perhaps the most important of all considerations.

The waterway throughout its entire length from the Gulf of St. Lawrence to Lake Superior is, for commercial purposes, very different from what it was in 1848. Almost continuous improvements have gone on, for the most part quietly. Below Montreal, with some sixty-five miles requiring to be dredged, there is now a depth of thirty feet, while 60 per cent. of the work has been done on a channel of thirty-five feet; the St. Lawrence canals have been deepened to fourteen feet; and the new Welland canal will be completed in 1930 to a depth of twenty-five feet, with permanent works permitting thirty feet eventually. Equally important have been the deepening of harbours, the dredging of channels in Lake St. Clair and other shallow stretches, millions of dollars having been devoted to these purposes by federal and municipal governments in both countries. The usual minimum depth in the upper lakes is about twenty-one feet, although it has fallen as low as eighteen. The present deepening scheme, which has reference particularly to the river between Kingston and Montreal, is thus only the culmination of a long development, but on no previous occasion has discussion been so

Canada : The Deepening of the St. Lawrence energetic and thorough. The agitation arose towards the end of the war, when transportation facilities, particularly in the United States, seemed to be inadequate. The question has now been before the public in both countries for almost ten years, and the amount spent on investigation and propaganda undoubtedly runs into millions. The magnitude of the proposal is, however, a complete justification for this interest. As an engineering project it is one of the greatest ever undertaken. From the commercial point of view, it would open up an improved channel for two thousand miles into the interior of the continent, and would eventually provide some five million horse-power of electricity. From the legal point of view, it offers many difficulties, involving as it does the rights of at least five Federal, provincial, or state Governments, and the interests of many municipalities and private corporations. The layman, in considering the problem, finds himself confounded by conflicting opinions of experts and pseudo-experts, and entangled in a maze of discussion by interested groups, whose arguments run the whole gamut from sound reasoning and moderate statement to deliberate misrepresentation or the mere manipulation of statistics.

One small but solid foothold in this quicksand of argument is the fact that, from the engineering point of view, a channel of twenty-seven or even thirty feet between Kingston and Montreal is now conceded as practicable. The investigation has been as thorough as could reasonably be expected. Engineers appointed by the Governments of the United States and Canada reported favourably on June 24, 1921, and an enlarged board provided much more detailed estimates on November 26, 1926. Of the 183 miles between Kingston and Montreal, 68 lie wholly within Canadian territory, most of them in Quebec, while 115 miles are traversed by the international boundary. The general plan of the engineers provides for flooding out the rapids by dams at various points, where locks

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would be built for navigation and power generated. The river would thus eventually become a series of steps of quiet water. The elimination of rapid flow also provides a solution of the ice problem, as the large pools would freeze over quickly, and thus prevent the formation of "frazil" ice, *i.e.*, ice in small particles which forms in running water and floats down to become jammed under the first continuous ice sheet. The magnitude of this problem is illustrated by the Soulanges rapids, which are open all winter, and where the total ice formation is estimated at as much as two hundred and forty million cubic yards. Canadian and American engineers have differed considerably with regard to the best plans for the dams on the international section ; but no doubt an agreement will be possible when all the other points at issue have been decided.

Much discussion has centred around the probable cost, and in view of common experience with great works of this kind, the engineers' figures have been under suspicion. The 1921 report estimated the cost of a twenty-five foot channel, with the development of 1,000,464 horse-power, at \$252,728,200. These figures came immediately under fire. The 1926 report provided very different estimates, although not necessarily contradictory, since in many respects they were on a different basis. This report estimated the total cost of a twenty-five foot channel between Lake Ontario and Montreal, with the eventual production of five million horse-power, at from \$620,000,000 to \$650,000,000. These figures do not include improvements in the upper lakes, but they do include the whole power development, which it is only proposed to complete gradually as the demand for power increases. The cost of a twenty-seven foot channel from Montreal through to the head of Lake Superior, with the incidental production of 948,000 horse-power, is estimated at some \$560,000,000. None of these figures provide for the deepening of harbours, alterations in wharves etc., or interest on the money during the period of construction. There is thus ample room

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for juggling with figures. One American authority even estimates that if the cost were retired over a period of fifty years, the share of the United States might run to \$1,750,000,000. It is easy to understand, therefore, that for the common reader the issue has been considerably befogged by conflicting arguments with regard to cost. Whatever the final total, it would undoubtedly be sufficient to give pause in the consideration of the project.

II. THE ARGUMENTS FOR AND AGAINST THE NEW PROJECT

IF the commercial benefits would warrant the investment, there would be no question of the expenditure of even such large sums. But it is at this point that one enters the real maze of conflicting argument. The general contentions of advocates of the scheme are somewhat as follows: that a saving of millions of dollars would be realised on the export of grain and that this would go directly into the pockets of the farmers of the middle west, whose troubles have been, especially in the United States, a major economic and political problem for years; that cities on the lakes would be able to export large quantities of their commodities, and to bring their imports directly from the sources of production; that a general rise in the prosperity of the west would benefit other parts of both countries; that the industrial east would have direct access to the markets of the middle west, and that, from the Pacific coast, lumber and fruit could come through the Panama canal to the lake ports by water.

Opponents of the project argue that the present canals are not used to their full capacity, and that enlarged canals would attract little more traffic; that ocean vessels would not navigate the canals, and that many of them could not; that lake vessels could not navigate the ocean, and that large lake vessels would not even proceed through the canals to Montreal; that the present system of trans-

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shipping cargoes at Buffalo and other points to the railroad, or to smaller lake vessels would continue ; that saving in freight by the new canals has been greatly over-estimated ; and that a slight advantage would divert little traffic from present channels, where marketing facilities and financial relations have been established over a long period of years ; that the waterway would be used chiefly for grain, and that grain exports from the United States are drying up, while in the future much Canadian grain will be marketed in the United States rather than exported overseas ; that in any case the Panama canal provides relief for many of the western exporters. Such arguments have been bandied back and forth in ceaseless repetition for almost ten years and, although many of them are worthy of serious consideration, the vast mass of conflicting data makes definite conclusions difficult.

Regarding the navigation of the projected waterway there have been many conflicting opinions. Exaggerated arguments to the effect that fog and icebergs infest the lower St. Lawrence, and that the entire waterway above Montreal would have a restricted channel, have been used with the intention of deliberately misleading. There is general agreement that the freighters which do the bulk of the carrying trade on the upper lakes would not proceed to the ocean. The upper lake traffic is very great, especially in ore and grain, and for it a special type of vessel has been developed. These vessels draw not more than twenty feet are very long in comparison with their width, provide greater proportionate cargo space than do ocean freighters, and are adapted to loading and unloading facilities specially designed for them at lake ports. Their construction makes deep sea navigation quite impossible. It is even contended that these vessels could not go down to Montreal, since hazards and delays in navigating locks and narrow channels would make the cost prohibitive. Expert opinions vary as to the probable cost of insurance, but certainly the difficulty of salvaging wrecked vessels in some parts of the

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St. Lawrence, and the danger from side winds to unloaded vessels floating high above the water are important considerations. A channel should probably be provided at least as wide as the length of the vessels which would use it, but with this and other precautions it is difficult to believe that the enlarged canals would not attract lake freighters drawing water up to the full capacity of the channel, and seeking to deliver their cargoes at the head of ocean navigation without breaking bulk. Undoubtedly some cargoes would reach Montreal after trans-shipment, and many lake vessels would have no need to descend below Buffalo. This argument is not, however, an adequate indictment of the entire scheme.

For passenger vessels and many freighters, Montreal would unquestionably remain the head of ocean navigation. The prospect of Montreal's decline resulting from the rise of lake cities to the position of ocean ports is an illusion which advocates of the waterway would do well to dissipate. Quebec's superiority as an ocean port passed to Montreal in the nineteenth century, but Montreal is in no danger of suffering a like fate at the hands of any other city on the waterway. Opinion on this point seems to have changed somewhat in Montreal, and the support given to the project by Senator McDougald, the chairman of the Montreal Harbour Commission, has had considerable weight. The real difference of opinion with regard to navigation centres around the question as to whether tramp freighters in large numbers would come up to lake ports from the ocean. Ever since 1848 occasional vessels have used the waterway throughout its entire length. Thousands of tons of Welsh coal, for example, are now carried without trans-shipment to such ports as Toronto. According to a report on the economic aspects of the waterway issued by the United States Department of Commerce in 1927, a twenty-seven foot channel suitable for vessels drawing twenty-five feet would accommodate 54 per cent. of American cargo vessels, reckoned on the basis of dead-

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weight tonnage, and 88 per cent. of all vessels engaged in foreign commerce entering American ports. After an analysis of vessels entering and clearing from American ports, A. H. Ritter concludes*

The deep draught ship is a very small factor in carrying the commodities which may be expected to move on the St. Lawrence, including miscellaneous general cargo carried in freight liners. The figures indicate, however, that many vessels drawing between twenty-five and thirty feet would use the waterway, if the dimensions be made sufficient to accommodate them. The evidence shows that a channel of greater depth than thirty feet is unworthy of consideration.

With respect to curves, dimensions of canals and restricted channels, it is contended that the St. Lawrence compares most favourably with inland waterways, such as the Amazon, the Yangtse, the Mississippi as far as New Orleans, and the Manchester ship canal, which have been commonly navigated by ocean-going vessels, in some cases for hundreds of miles. There is thus good ground for believing that difficulties of navigation will not prove a serious handicap to freighters drawing up to twenty-five feet, if traffic conditions warrant their entrance into lake ports.

On the latter point there is room for great difference of opinion, although advocates of the scheme have built up an impressive argument. Undoubtedly the St. Lawrence would effect a saving in the transport of many articles, although estimates vary greatly. The United States Department of Commerce estimate is that grain might be moved from upper lake ports to Liverpool at a saving of from 6'4 to 9'6 cents per bushel as compared with present routes. Cost of transportation, however, does not wholly govern the flow of trade. Long use establishes traffic channels, marketing facilities, and financial arrangements, which resist extreme changes, though these might come

* See *Transportation Economics of the Great Lakes—St. Lawrence Ship channel*.

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from the pressure of a new route which had decided advantages. Canada, for example, imports a great deal from Central and South America through New York. Successful competition against New York by the St. Lawrence would probably involve a setting up of purchasing agencies, brokerage houses, steamship lines, and the whole machinery of credit and personal relationships essential to modern business. If this were done, Montreal would be the logical centre of much of this business, even if cargoes passed Montreal without trans-shipment—a fact too little considered by opponents of the scheme in that city. New York has for many years, too, had a great advantage in the supply of shipping. Tramp ships, knowing that cargoes are usually available, resort to New York in large numbers; and the fact that this tonnage is available is often an important consideration for the exporter. Cargo space for wheat, for instance, must frequently be arranged before the European purchase is actually completed, since transportation costs affect the price. It is impossible that New York should hold central Canada and the mid-west States permanently in economic vassalage for essential imports, if these can be obtained more cheaply by other routes; but the displacing of New York's services might be a very slow process. It is doubtful, too, whether New York would be a positive loser, since the total traffic of the continent will certainly continue to increase.

The United States Department of Commerce made no attempt to estimate the amount of tonnage which would use the waterway; but it did estimate that from nineteen to twenty-four million tons would be available, including some seven million tons of domestic inter-coastal and coastwise traffic. Another estimate, based on extensive analysis of exports and imports in the region affected, placed the total available traffic at thirty million tons. Among the principal commodities mentioned are:—Imports—food stuffs, including bananas and other fruits, coffee, cocoa, tea, sugar, and spices; raw products such as

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vegetable oils and oil seeds, wood pulp, glue, manganese, tin and other metals. Exports—in addition to ten million tons of grain—flour, meal, starch, glucose, meats, animal oils, iron, steel and copper, automobiles and their parts; domestic—automobiles, flour, lumber, sulphur, and iron ore. The disproportion between export and import tonnage would, therefore, be no more than in American ocean ports, most of which face the same difficulty. Opponents, of course, ridicule any conclusion based on estimates of available tonnage, only a small part of which, they claim, would actually use the waterway. A conclusion on this point would no doubt have to await the verdict of actual experience. In general, however, one may hazard the opinion that the growth of commerce on the continent will in the long run demand every available means of transport. With no prospect of a slackening in mass production, the twentieth century is unlikely to repeat the experience of the nineteenth, with a fight to the death between roads, canals and railroads. Rather it is probable that there will be the necessity for a vast network of transportation facilities of every kind by water, land, and air, each supplementing the others. Such an argument will satisfy neither the expert advocate nor the opponent of the waterway, but great enterprises have usually, in the final analysis, been in some measure acts of faith, and those who favour the St. Lawrence scheme, like others before them, will find that statistics alone will not save them.

On turning to the electric power side of the question, one finds contentions and arguments no less conflicting than those touching commerce and navigation. It is the power question, indeed, which makes discussion infinitely more complicated than it ever was in the nineteenth century. The only two points on which there is any general agreement are that some 4,900,000 horse-power may eventually be produced in the section of the river lying between Cornwall and Montreal, and that, at some time in the future, there will be a demand for the whole of this

Canada: The Deepening of the St. Lawrence production. The increase in the use of electric power has been phenomenal in recent years. Within three hundred miles of the cities of Quebec, Montreal, and Toronto, the installed turbine capacity has increased from 115,000 horse-power in 1900 to 1,801,740 horse-power in 1920, and to 3,326,391 horse-power in 1926. The curve of increase as yet shows no decline, although it cannot continue to rise indefinitely. Some two million horse-power may be produced in the international section of the river, while the remaining three millions will be produced in Quebec. Since it will be many years before the demand reaches these figures, the engineers have proposed a partial development, making provision for additional installation as it is required. It is important that power should not be developed more rapidly than it can be absorbed. Opinion in Canada against the exportation of power to the United States has stiffened noticeably in recent months, since it is realised that it would be almost impossible to cut off the supply after it had been sent to the United States for a number of years. Premier Taschereau of Quebec was one of the first public men in Canada to express unqualified opposition to the export of power, and the right of Canada to make its own decisions on this point was recognised in the letters exchanged between Ottawa and Washington on January 31 and March 12 last. Whatever may be the value of the deepening scheme from the commercial point of view, the power resources are undoubtedly one of the greatest prizes still available for exploitation on the continent. Revenue from power would eventually complete the whole scheme, navigation included, and leave a handsome profit; and evidence is not lacking that there are capitalists who would be more than willing to undertake such an agreement.

The engineering and economic sides of the power question are scarcely more complicated than the legal and political aspects. The rights of five governments are involved: those of Canada, the United States, the provinces of Ontario and Quebec, and the State of New York.

The International Question

In both countries control of navigation is vested in the Federal Government, while the control of water power belongs to province or State. This general division leaves most important legal questions unsettled. In the United States certain opponents of the St. Lawrence scheme express great fear of the encroachment of the Federal Government on State rights, although particular interests rather than the defence of constitutional principle probably lie behind this argument. A process of insidious encroachment has, it is claimed, been going on for a number of years, and might be brought to a culmination by the concentration of enormous water power resources under Federal control. In New York, too, there has been a contest between the principles of private and public ownership, with a probability of victory for the latter. In Canada the question of Dominion and provincial rights was submitted by mutual consent to the Supreme Court on April 14 last. When a definite answer is available some months hence, the contest of various groups for power rights can be resumed and fought to a finish. Ontario is, of course, committed to the principle of public ownership and distribution of power ; while Quebec is devoted to the principle of private ownership. The Quebec legislature has indeed already given to the Beauharnois Light Heat and Power Company extensive rights, the company promising to provide a channel for navigation free of cost. The scheme has yet to be ratified by the Dominion Government.

III. THE INTERNATIONAL QUESTION

DIFFICULT points remain to be settled with respect to a division of the costs and the relative rights of the parties involved. Regarding costs, a variety of proposals have been made. Power development should provide for itself, but whether it should contribute to the expense of a new channel for navigation is another question. The other

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side of the problem is the division of costs between the United States and Canada. The report of 1921 of the International Joint Commission proposed that the cost should be divided on the basis of benefits received and the cost of the Welland canal included in Canada's share. To estimate benefits received might be difficult, though a basis could no doubt be reached by joint agreement. This proposal appeared to have much in its favour, especially as the United States had already spent large sums on Lake St. Clair and other sections, in improving the channel, parts of which lie wholly in Canadian territory. The United States has even maintained government lighthouses on Canadian territory. In principle, however, the division of the costs on the basis of benefits received is very different in the case of the lower St. Lawrence, for it involves not merely the dredging of the channel in boundary waters, but also the construction of canals and dams lying wholly within Canadian territory, and the possibility of future difficulties regarding tolls and other regulations. Mature reflection has, therefore, practically led to the abandonment of this basis of settlement. Canadian sentiment and interest are both against any agreement which would have the slightest suspicion of creating a Polish corridor or a Panama canal zone in Canadian territory. Following a report of the Canadian advisory committee, the Government in its letter of January 31 to the United States proposed a basis of division by which Canada would be entirely responsible for expenditure within her own borders, while the United States would undertake the work in the international section and in the upper lakes.

In the international section of the river, engineers proposed that the boundary line should be disregarded in plotting the channel, for reasons both of navigation and of cost. This is contrary to the resolution adopted by the Conservative party in its convention of last October, and in various quarters it is urged that the waterway should be all-Canadian. In one sense the waterway cannot but be an

The International Question

international one, since throughout its entire length the channel crosses and re-crosses the boundary line many times, and the principle of joint improvement of this channel has long been fully accepted. The engineers' proposals, however, introduce a new principle, in that the locks suggested in the international section would be on the American side, and hitherto Canada has had a complete set of locks leading to the upper lakes, although the one in St. Mary's river has been inadequate for some years, and is used by few Canadian boats. These locks could be amicably controlled by a joint commission, and from the military point of view they cannot be defended. The only chance of difference is that in case of war with a third Power, permission might be refused Canada to transport supplies through them, if the United States were neutral ; and there might, too, be the possibility of discriminating regulations against Canadian shipping. There have been cases of such difficulty in the past. Canals in the international section could be built on the Canadian side at considerably more expense, and this might satisfy the advocates of an all-Canadian waterway, but whether the United States would agree to a radical change in the engineering proposals remains to be seen.

The question of American rights in the St. Lawrence, a complete history of which stretches back at least to the treaty of 1783, is not indeed without its difficulties. The mutual right of navigating boundary waters, settled with regard to certain sections in the Webster-Ashburton treaty of 1842, has long been accepted. The treaty of 1854 opened the river throughout its entire length to American ships, and granted to them the use of Canadian canals. This treaty lapsed in 1865, but the treaty of 1871 provided that the St. Lawrence as far as the sea should "forever remain free and open for purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain or of the Dominion of Canada, not inconsistent with such privilege of free navigation." It

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is a question never discussed between the two countries as to whether this clause includes the use of Canadian canals ; and the point is a debatable one, since the next clause provides that " the Government of Her Britannic Majesty engages to urge upon the Government of the Dominion of Canada to secure to the citizens of the United States the use of the Welland, St. Lawrence, and other canals in the Dominion, on terms of equality with the inhabitants of the Dominion." The American Government in turn undertook to try to obtain for Canada the privilege of using certain State canals. Canada has always refused to recognise any natural right of the United States to use the river through Canadian territory, and she insists at present that each point must be settled by treaty agreement. It is quite apparent that an insufferable condition, bringing nothing but injury on both sides, would result from beginning any process of offence and retaliation. On the other hand, it is of the utmost importance that the letter of the law should be determined. Such a step is essential in all agreements even between friends, and when this is settled there will be room for generous treatment on both sides.

In connection with the question of international rights, the diversion of water from Lake Michigan at Chicago still remains one of the most difficult of the unsettled problems. The engineers' report of 1926 estimated that this diversion was responsible for reducing the level of the lower lakes by about six inches, which was less than had commonly been supposed. Even this, however, is serious enough from the point of view of navigation. Chicago has expressed her willingness to build regulating works which would raise the level, but it is doubtful whether this would satisfy the complainants, and certainly it would be no compensation for the loss of power from this water at Niagara and in the St. Lawrence. This loss, by a diversion of 10,000 cubic feet per second at Chicago, would be in round numbers 500,000 horse-power. Chicago's ostensible arguments have been the necessity of taking water for sanitary purposes and the

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value of the proposed nine-foot waterway from Lake Michigan to the Gulf of Mexico. Her legal right rests on a temporary permit from the War Department at Washington. In her fight for the diversion she has shown herself persistent, unscrupulous, and defiant of authority. She has disseminated propaganda to the effect that cutting off the water would menace the whole city with plague, and she has refused to install a metering service as ordered by the Federal Government. So far, Canada has left the active campaign against Chicago to the cities bordering on the lakes, who have carried the question to the Supreme Court of the United States. But the Canadian Government has repeatedly made plain its view that the diversion of water from the St. Lawrence into the Mississippi without Canadian consent is a violation of Canadian rights. The admission of one such diversion would open the way to alarming possibilities; and in its recent correspondence with the United States, the Canadian Government insisted that the question of the Chicago diversion should be included in any agreement covering the St. Lawrence.

IV. INTERESTED OPINION

THE present position of the St. Lawrence project as a public question can, however, by no means be understood by merely considering the arguments suggested above, with respect to navigation, power, and engineering costs. It is equally necessary to discover what groups are using the arguments, and what purposes they have in view. Here one comes upon a confusion of economic and political motives which it is impossible entirely to disentangle. There are people in both countries who express their real opinions, openly advocating or opposing the scheme on its merits. There are those who use the same arguments to further real interests which are carefully kept from view. Counter schemes have been advocated by some who really

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believe in them, and with equal vehemence by others who joyfully appropriate the most useful and attractive red herring. Propaganda on both sides has been extensive, clever, costly and most persistent. The number of groups vitally interested in the discussion is surprising. Foremost in advocating it have been the Canadian Deep Waterways and Power Association, and the Great Lakes-St. Lawrence Tidewater Association, which has been supported by nineteen States of the Union, and has for a number of years maintained an office in Washington from which has emerged a constant stream of books, pamphlets, and information for newspaper editors and the general public. The New York Waterways Association, the Atlantic Deeper Waterways Association, and the Mississippi Valley Association have opposed the project, as have, too, the Shipping Federation of Canada, and the Lake Carriers' Association. Railroad companies, chambers of commerce, boards of trade, and agricultural societies have added their quota of opinions; while much has been said and done by power companies, prospective companies, and combines, some of which prefer that their attitudes and aims should not be made public at the present time.

In the United States the principal agitation on economic grounds has come from, or on behalf of, the farmer of the mid-west, who hopes, as he has often been told, that every cent taken off the transport of wheat to European markets will automatically be placed in his own pocket; and that, as Liverpool determines the price for the whole crop, this saving would be realised on the wheat marketed in the United States. Advocates claim that 42 per cent. of the entire population of the Union would be directly benefited; and no doubt there has been a great deal of genuine enthusiasm for the project, especially in the middle west. The Panama canal has brought little benefit to the American western farmer. Some American wheat from the far north-west finds its way through the Pacific ports, but the profitable farm lands of the United States do not, for the

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most part, extend as far towards the mountains as is the case in Canada ; and it is claimed that the Panama canal is even having an adverse effect in the middle west, since the farmer has faced raised railroad rates, while the cost of transportation by water between the two coasts has been lowered. Increased prosperity in the middle west would undoubtedly benefit the country as a whole ; while the region immediately round the lakes and the lake cities anticipate positive advantages. It is true also that opinion in New England has changed somewhat within the last two or three years. A committee representing New England business interests has reported very favourably on the scheme, arguing that the waterway would lessen the cost of transportation for New England industries. The continued opposition of New York has perhaps been partially responsible for this change of opinion. There is, too, some support from the Pacific coast, where it is thought that products might find their way entirely by water into the region about the lakes. Favourable opinion has also been expressed by that part of New York State lying along the river. There are, therefore, several widely diverse groups which anticipate economic benefits. Not all, however, who argue the cause of the western farmer with great feeling, are sincere. The western farmer has been in a bad way at frequently recurring intervals for decades. Insurgent movements under one name or another have sprung up periodically, and politicians intent on keeping disgruntled groups within the ranks of the regular parties have always busied themselves in constructing straws at which the despairing westerners may grasp. The whole agitation for the deepening of the St. Lawrence cannot by any means be reduced to this level, but in some quarters there has been an element of party expediency in it. The Republican administration since 1921 has been favourable to the project. Presidents Harding and Coolidge both advocated it, probably with sincerity, and Mr. Hoover has been genuinely interested.

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There are people who oppose the project as dangerous to themselves. Chief among these have been business interests in New York and some of the other Atlantic ports. The important counter-projects advocated by opponents have been the New York Barge Canal, which provides a twelve-foot channel between Lake Erie and the Hudson river, and the proposed ship canal between Lake Ontario and the Hudson. The latter, with an American canal at Niagara Falls, would provide an all-American route, which has been strongly advocated in New York on economic and patriotic grounds, but which received an adverse report both from the army engineers appointed by Congress, and from the Department of Commerce at Washington. The attitude of Chicago has been divided. While it might benefit from the St. Lawrence scheme, commercial motives and its interest in the diversion of water have led it to support the proposal for a nine-foot channel from Lake Michigan to the mouth of the Mississippi. Shipping interests on the Great Lakes have opposed the deepening on the grounds of expense and the restricted channels; but possibly the cost of adapting themselves to changes in traffic and the prospect of competition from European boats in the lakes are in reality more powerful motives.

Interest in power development cuts to some extent across these alignments. Power may well have been the chief cause for the change of opinion in New England. New York capitalists, too, are vitally interested in electricity, and if they cannot get power without the deepening scheme, it is quite possible that they may effect a change in the attitude of the State. An amusing feature of the entire discussion has been the vehement declaration made at times by opponents in both countries, to the effect that the project really originates in a gigantic power scheme on the other side of the international boundary, and that the navigation arguments are merely a cloak to hide a deep-laid plot against which patriotism must defend itself.

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Attempts have even been made in Canada to resurrect the old bogey of American annexation. The St. Lawrence might be a point of difference in the forthcoming Presidential election in the United States, were it not that the contest is much more likely to be determined by partially submerged issues, such as prohibition. While Mr. Hoover has been a consistent supporter of the scheme, and Mr. Smith a no less outspoken opponent, it is impossible to predict what attitude might be forced on either of them by party necessity after the election.

Division of interests is equally as marked and complicated in Canada as in the United States. Economically speaking, there are at least four Canadas, the maritime provinces, Ontario and Quebec, the prairie provinces, and British Columbia, and the necessity of harmonising them is a constant factor in Canadian politics. There is a genuine fear of great expenditure, and a large increase in the national debt, on the part of many who are not opposed to the deepening scheme, but who are not convinced of its immediate benefits. British Columbia and the maritime provinces are rather apathetic, though they might reap certain benefits if lumber and fruit from British Columbia and coal from Nova Scotia could be brought to the lake ports. It is frequently claimed that the prairie provinces favour the project, but opinion is in fact much divided. The opening of the Panama canal has been of great advantage to Alberta, while the west has been definitely committed for many years to the Hudson Bay route. To some extent, the Hudson Bay railroad was a concession to western discontent. It was undertaken before it was definitely proven to be practicable or advisable ; and opposition to it has usually in the west been taken as merely another proof of the determination of the capitalistic east to keep the west in leading strings. It is now nearing completion, and great enthusiasm for the St. Lawrence cannot be roused until the Hudson Bay route is tested. Most of the wheat from Alberta and perhaps from part of western Saskatchewan will in

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future go through the Panama canal. The rise of Vancouver in recent years as a wheat-exporting centre has been phenomenal. If the Hudson Bay route is a success, wheat from northern Manitoba and northern Saskatchewan will probably go that way. This leaves a restricted, though still great, area in the west which will find the St. Lawrence its best outlet, and it is by no means sure that this improved waterway would not have a beneficial effect on the whole of the west. Undoubtedly westerners have shown some genuine interest in the project, but they are not prepared to battle for it, and most of the western members in Parliament have plainly shown doubt as to whether the benefits would immediately justify the expenditure. They are opposed to increased taxation, and are much more intent on other measures such as tariff reduction and the building of branch railroads. Another factor, the results of which are most difficult to estimate, is the change in western agriculture. The tendency to substitute mixed farming for grain production has gone on very rapidly in recent years; and as Manitoba especially has rich mineral resources and large quantities of potential electric power, this process may in future be encouraged by the development of western industries, which would provide a home market for agricultural products.

In central Canada interest has been more intense, although very much divided, and there has been no determined drive for action. Quebec, led by Premier Taschereau, has been opposed. The commercial interests in Montreal have had a genuine fear of the completion of the waterway; and although the statement of Senator McDougald mentioned above has had considerable effect, the fear is by no means dissipated. There seems little doubt, however, that the demand by Quebec capitalists and manufacturers for electricity will be the controlling factor in the final decision. Very powerful interests are contending for charter rights, and the navigation issue may easily be used as a pawn in the game for the high stakes

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of power concessions. With the production of power will probably come the promise of a scheme for navigation. The support given the Beauharnois charter by the Quebec legislature shows that an arrangement acceptable to Quebec is quite possible ; but the completion of the navigation project, even though promised, might have to await the development of the full quantity of available power. Stipulations placed in charters granted to private companies have a habit in Canada, as elsewhere, of being indefinitely postponed. The proposal by the Dominion Government to the United States that development in the international section should follow that in the Quebec section appears to fall in very well with the aims of those in Quebec who wish to see power developed, and the deepening scheme postponed. Such postponement might, indeed, be equivalent to a complete defeat of the deepening scheme in the present generation, as the United States Government might in the meantime lose interest in the project. Opponents in Quebec will thus find that an indirect policy is much more effective than one of open opposition ; while supporters of the scheme may be forced to bargain with those interested in power in order to avoid entire disappointment. Whatever happens, it is hardly likely that negotiations will be carried on in the full light of public discussion. Ontario shows perhaps more decided support of the project than any other part of Canada, but even here opinion is divided, and the agitation is rather apathetic. The lake cities look forward to increased traffic, and Toronto has expended a very large sum on harbour improvements. The hydro-electric system, and certain Toronto financial interests are, however, much more interested in power than in navigation. It seems certain that Quebec power interests are willing to work in co-operation with them, which may to some extent undermine effective agitation for the completion of the canals.

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V. WHY DELAY WAS PRUDENT

FROM this brief analysis it is easy to understand why there has been such indecision and delay in crystallising Canadian opinion, and also why the political aspects of the question are even more important than the economic. Mr. King and his Government, dependent on votes from western Canada, and, what is more, from Quebec, could not take a determined stand. The Laurier Government committed suicide by grappling with the reciprocity issue in 1911, and the St. Lawrence question is even more replete with tragic possibilities. The policy of delay and investigation is therefore one of political necessity; and a survey of the policy of the Liberal Government leads one to the conclusion that it has played its game with considerable skill. On the other hand, it may well be argued that the delay and investigation have been entirely wise from a national point of view. Essential information has been obtained in the last eight years, and advocates of the scheme may yet admit the wisdom of refusing to take the headlong action which they urged. It is impossible to predict how soon a final decision will be made, although one cannot but feel that ultimately the project must be completed. It is inconceivable that the rapidly expanding industrial and commercial needs of the St. Lawrence basin will permit five million horse-power of electrical energy, and the full potentialities of one of the world's greatest inland waterways to remain permanently undeveloped.

Finally, it may be remarked that the belief of those who see in the growing intimacy between Canada and the United States a proof of Canada's eventual absorption finds little support in the St. Lawrence discussion. Economic intimacy between the two countries is no new phenomenon, and, while the adoption of the joint scheme might be a further step in this direction, not the least outstanding

Why Delay was Prudent

feature of the entire negotiation has been Canada's lively consciousness of her own national interests and her determination to work out the problem in conformity with them.

Canada, July 1928.

AUSTRALIA

I. THE NORTHERN TERRITORY

FOR centuries, it may be, before the discovery of tropical Australia by the Dutch early in the seventeenth century, the northern coast had been exploited by the fishermen of the Indian Archipelago for trepang, tortoise-shell and pearl. The visits of the Malays have ceased, but pearl shelling still constitutes a profitable industry in north Australian waters.

A cursory examination of the coast was sufficient to convince the Dutch of its worthlessness at a time when commerce and not colonisation was the main incentive to adventure. The profitable exploitation of the spice islands of the archipelago led eventually to a demand by British merchants for a base on the north coast of Australia, which was given effect to by the establishment of a settlement on Melville Island. The settlers, however, suffered so many privations from lack of food, disease and native hostility that the settlement was, after four years, removed to Raffles Bay in the Coburg Peninsula, only, however, to be abandoned a couple of years later in favour of the Swan River, when the northern coast was again left untenanted. Seven years later, however, interest in northern Australia revived, and Port Essington on the Coburg Peninsula was chosen as the site for a new settlement. But this venture also proved disappointing from a commercial point of view,

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and it was given up in 1849 after having been in existence for only eleven years.

The next step in colonisation was not the result of maritime energy, but of exploration in the interior which revealed large tracts of pastoral land and led to the apportionment of northern Australia between the States of Western Australia, Queensland and South Australia, the last mentioned annexing the area which became known as "The Northern Territory." The South Australian Government began the development of its new territory by offering for sale a large number of town lots in a township which was to be established on the northern coast, each allotment carrying with it the privilege of selecting an area of agricultural land. All the lots not purchased by the general public were taken up by companies in England and the Colonies, and an expedition was despatched by sea to start the township. Its history, however, was one continuous tale of disease and revolt until the site was abandoned shortly after its foundation, and the present site of Darwin chosen in its place.

The survey of the town lots and agricultural lands was proceeded with, but when they were thrown open for selection the land boom had subsided and demands were made for the return of the purchase money on the plea of delay in carrying out the survey. The cases eventually came before the Privy Council, and the State was compelled to refund the money with interest and also to bear the cost of the proceedings amounting in all to £73,000. This tropical El Dorado, the development of which had been commenced with such public enthusiasm, now appeared a doubtful enterprise, and thus ended an early chapter in the chequered history of the colonisation of the North Australian coast.

Undaunted, however, by this experience, South Australia accepted with alacrity a contract to build and maintain a telegraph line across the continent from Darwin to Adelaide in order to ensure that the oversea cable should be placed

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at Darwin; and when one takes into consideration the short time allowed for its completion through an unknown, and what proved to be a waterless, territory, it can, in the light of latter-day standards, be pronounced a rash and hazardous venture; 36,000 telegraph poles totalling a weight of 5,000 tons were transported over that vast interior. The carriage of wooden poles (where procurable) averaged a distance of eight to ten miles with a maximum distance of 350 miles, and iron poles, of which far more were used, were transported an average distance of 400 miles. Underground water had to be discovered and supplies maintained in a country destitute of any natural food. It took one year and eleven months to complete these two thousand miles of line and to connect the southern coast of Australia with the world. This telegraph line is in operation to this day, a monument of enterprise, courage, perseverance and resource.

It is stated that the sinking of a hole for one of these telegraph poles resulted in the finding of gold in the hinterland behind Darwin, and a year later there were between fifty and sixty companies in the southern States holding gold claims in the Darwin area. A wild rush set in, and labourers and plant were hurried to the scene. Within two years of the discovery, however, the boom subsided, many men left the field, and the residents petitioned for cheap imported Asiatic labour to enable the industry to be carried on. But although the mining industry was set up by an influx of Chinese, the development of the Northern Territory did not progress at a satisfactory rate, and the agricultural exploitation schemes carried on with cheap labour failed. This lack of progress was, it was thought, due to isolation, and South Australia embarked upon another ambitious and courageous enterprise. She decided to connect Darwin with Adelaide by railway. In 1886 this colossal undertaking was commenced both in the north and in the south. The northern end was completed from Darwin as far as the main mining centre, Pine Creek,

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a distance of 147 miles, and in the south to Oodnadatta, a distance of 700 miles. Operations were then suspended in consequence of the drain on the public exchequer, leaving a gap of 1,100 miles uncompleted. An offer to finish the railway under a land grant system was defeated by the strength of public feeling, for the land was believed to be far more valuable than it actually proved to be. A large area of it still remains untenanted. The building of the railway to Pine Creek assisted the mining industry, but it brought no further extension of agricultural settlement in the tropics. Cattle, however, commenced to move across the borders of the adjoining States, and large tracts of pastoral land were acquired on long leasehold at very cheap rentals. This pastoral settlement was in many respects kept separate from the Darwin area and its administration, each newly formed pastoral concern retaining its connection with its own parent State, relations which are maintained in various parts of the interior to this day.

The Darwin goldfields attracted the attention of the company promoter, and in 1896 the most profitable of the mines were purchased and an extensive scheme of development heavily capitalised by English investors. Large sums were spent on the surface, on buildings and treatment plant which in many cases proved useless for its purpose, and also on deep water pumping machinery which was never installed. The mines were never tested below the shallow water levels, and all this expenditure had no appreciable result except that a death-blow was dealt to an industry which had previously been carried on on a fairly satisfactory basis. Travelling to-day through the abandoned fields, among the toppling poppet heads, the remains of buildings consumed by white ants, and machinery at rest, overgrown pits and trenches besetting every roadway, one can only conjecture what prizes may still remain concealed beneath the rooted surface. One hears extraordinary tales of fabulous returns from numerous and scattered areas. Yet we read in the official report of 1909 that "nearly all the

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deposits which paid in the past have been worked out to a shallow depth and then abandoned." Did the reefs cut out or did they become too poor to work? Or did engineering difficulties prevent the Chinese coolies from following the gold? In a great many instances these questions must remain unanswered, and in all probability, as time goes on, a legend will be woven into the gaps of history, and the fields will be reopened with new-born faith in their hidden wealth. In spite, however, of the low ebb at which mining in the Northern Territory stands, there is a tin field in operation which supports a ten stamp government mill, and twenty head of stamps are being erected by a private company. Capital is, however, difficult to procure for mining investments in north Australia, or for that matter for any other kind of industry there.

On January 1, 1911, the Northern Territory of South Australia was taken over by the Commonwealth Government and a new policy of administration inaugurated by the appointment of an Administrator and several highly paid officials. The expenditure of public money commenced on a more lavish scale than had ever been seen before in the tropical north. An agricultural settlement was started on the Daly River, and a splendidly equipped experimental farm nearer Darwin. Domestic stock were imported in large numbers, and a sheep station formed in the thirty-six inch rainfall belt of the hinterland. The costly settlement on the Daly River proved a failure, most of the farms being inundated with seasonal floods; the experimental farm succeeded in proving that it could produce nothing on a commercial basis, and the country chosen for sheep proved unsuitable, the sheep being decimated by worms, penetrating grass seeds and wild dogs. Many of the lambs died through lack of nourishment in the dry grasses. Vestey Brothers then purchased a number of cattle holdings and erected meat works and buildings in Darwin at a cost of nearly a million pounds. The meat works operated for three fitful seasons and then

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closed on account of industrial troubles. In 1918 turbulent scenes occurred in Darwin, and the Administrator departed, two of the officials being deported by the mob. Thus came to an inglorious end the first attempt of the Commonwealth Government to develop the coastal area of its new possession.

During all these vicissitudes on the coast, pastoral settlement pursued the even tenor of its way in the interior, somewhat contemptuous of the fanfares which were earning notoriety for the distant centre of administration. Some money had been spent on the industry. Two main stock routes with bores and wells, which greatly facilitated the removal of stock to market, were made, but otherwise no great attention had been paid by the administration to pastoral pursuits. The pastoralists, for their part, were content in the main to be left to their own devices, beyond the reach of adjoining governments on the look out for chances of forcing settlements of a closer kind inside the boundaries of their respective States.

The increasing efficiency, however, of the motor car, which enabled the Northern Territory to be easily and expeditiously visited, revived the Australian public's interest in its development, and as the Queensland Government had pushed closer settlement in one part as far as the Territory's border, a new land ordinance was made in 1924 to enable the resumption of part of the large holdings which had been so carelessly leased in past years without making any provision for the extension of settlement. The ordinance provided for an exchange system under which new leases could be obtained for an extended period in substitution for the old ones, subject to part of the land becoming available for settlement ten and twenty years after the date of the exchange. In most instances the deal was very satisfactory to the pastoralists, and the exchanges were effected with small delay, as many of the leases would be approaching the date of their expiry by the time that compulsory resumption would take effect under the ordinance.

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The Land Board appointed to administer this ordinance was superseded in 1926 by the North Australia Commission, a body of three to which the development of the Northern Territory was entrusted. The Commission has placed a number of recommendations before the Minister for Home and Territories which in the main endorse schemes frequently urged in the past. The most important of them is for a railway service to connect the rich prairie belt known as the Barkly tableland with the Queensland railway system, and ultimately with New South Wales. This route would also serve the far western stock areas of Queensland, and give breeders in that State a means of communication with the southern markets and of saving their stock in times of drought, which they have long wanted. There were other recommendations for the watering of pastoral lands, and the construction of main roads and telegraphs and of a port north of the Barkly tableland.

The foregoing pages briefly summarise the history of the Northern Territory up to date. The repeated failure of settlement in the coast lands has aroused some alarm, for the frequent reports in the press of the fertility of its soil invite the reflection that there are possible dangers in leaving so much wealth undeveloped.

The main requisite for agricultural development is water, either a regular rainfall or a permanent supply sufficient for irrigation on an extensive scale. North Australia has neither of these advantages, nor is the soil of its coast lands rich for agricultural purposes. The rainfall is excessive, amounting to 65 inches, during the wet season—*i.e.*, between December and May—and there is practically no rain for the rest of the year. The country is sandstone, with a low-lying mangrove girt seaboard, which seldom reaches an altitude of 100 feet. Torrential rains swell the short watercourses, which start in the sandstone ranges, and keep sweeping a light drift of sand over the banks of the watercourses and other depressions, while on the lower reaches, where richer soils have been deposited,

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the country is invariably inundated during the wet season. There is no jungle except in small patches along the banks or on islands in the watercourses where the roots of the trees and shrubs easily tap fresh water. The intervening country is often of a poor ironstone formation which does not lend itself to cultivation during the rainy season. Agricultural pursuits are therefore confined to the sandy drifts which are capable of draining off the excessive rains. With a rainfall of this kind only such crops can be grown as thrive in the rainy season, which is also excessively hot, and all the experiments hitherto conducted prove conclusively that the standard of life required by the British race cannot be maintained by cultivators under such conditions. The absence of any extensive areas of good soil in the neighbourhood of water puts dry-weather farming on a large scale out of the question. There are hardly six farmers left to-day in north Australia, and they are mainly engaged in growing peanuts, which are protected by an import tariff of 100 per cent. Coconuts thrive in many places on the coast fringe, but there is not enough labour available to make it worth while growing them. The failure to pursue agriculture on a commercial basis is common to all the tropical parts of Australia in which these same seasonal conditions prevail, and the science of applied geography which, thanks to Dr. Griffith Taylor of Sydney University, is now at the Australian public's service, the futility of many agricultural undertakings, which we had been previously unwilling to admit were bound to end in failure, is now realised. There is plenty of evidence to warrant the opinion that north Australia cannot be populated by agriculturists of the British race, and it is doubtful whether its soil would support a large population of any other.

The coast rainfall amounts to 65 inches, but it diminishes in proportion as one leaves the seaboard, registering about 40 at the southern boundary of the Northern Territory about 500 miles south of Darwin. As the rainfall

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gets less the natural grasses improve, and cattle and horses thrive in proportion. In regions with a twenty-inch rainfall or under, well-drained country free from the grass seeds which are so detrimental to wool is suitable for merino sheep. But in spite of all the drawbacks of the districts with a heavy rainfall Europeans can do well at cattle-raising if they have a market. It must, however, be remembered that cattle reared in such a country are inoculated from birth with tick fever, which lowers their resisting powers against the strenuous conditions which prevail in the dry season. During the fattening period, moreover, when the grass is green, they are the prey of numerous biting insects, the latest addition to which is the buffalo fly which swarms upon the cattle, eating the hide raw in places which the beasts cannot protect. Under such conditions there is a heavy mortality every year, which leaves at best only a small margin for natural increase. After travelling many hundreds of miles across the continent to the markets, moreover, such cattle have difficulty in competing with the more robust animals of the steppes.

The Northern Territory contains a large area of useful cattle land, which is only partially exploited and sufficiently far away from the coastline to enable stock raising to be profitably carried on. There is also a large amount of steppe land of rich quality capable of satisfactorily maintaining both cattle and sheep. Nearly all of it is poorly watered, but good water can be found in large quantities at moderately shallow depths. Most of the land is already alienated under pastoral leaseholds and, although the map makes a brave show of settlement, there are large areas of leasehold country which contain nothing but small and scattered herds.

Two cattle areas are especially renowned—one in the west in the Victoria river basin and the other in the east adjoining Queensland, which covers the Barkly tableland. One cattle station alone in the former region comprises

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13,000 square miles and is reputed to be carrying some 100,000 cattle ; on the Barkly tableland the herds vary from twelve to fifty thousand head, and there is one station where there are 40,000 cattle on 10,000 square miles of land. These figures are not representative of the carrying capacity of this country, but they illustrate the drawbacks of a system which has permitted large areas of useful land to be acquired at very cheap rentals and used in such a way as to bring small advantage to the State.

North Australia, which has an area of 287,056 square miles, and feeds approximately 600,000 cattle, is probably capable of supporting four times the number. We cannot, however, see much chance of getting rich by increasing the production of beef unless some unforeseen circumstance should enable Australia to compete in the world's markets against South America with more prospect of success than she has at present. Australia produces about 20 per cent. more cattle than her own population can consume, and the surplus is placed on the world's markets with varying results. Outlets have been sought in the east but the Oriental earns too little to enable him to relieve Australia of her surplus production. Theoretical computations have been based on an increase in the Australian population ; but in all probability the food supply will overtake the demand as the market improves. Nevertheless, improved freezing methods may put the export trade on a firmer footing, and a great deal of attention is being paid to this subject at present.

The development of the low rainfall areas of northern and central Australia depends entirely upon the prospects of wool-growing. Gold and mineral fields will come into, and go out of, working ; but the basis of Australia's commerce is fine wool. The industry has withstood the fluctuations of markets and has again and again risen superior to the ravages of drought. The Barkly tableland alone, though it does not at present carry a sheep, should support at least three million, and there is another large

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area on the western side of the State which could also produce fine wool. But wool-growing to be profitable must have reasonable means of communication, and a distance of 200 miles from the railhead, when the Queensland sheepmen have driven their flocks to the border of the Territory, is getting near the economic limit, although wool is being successfully grown in central Australia under different conditions 400 miles from the railway.

A railway is being talked about, and a survey has been made with the object of connecting the Darwin railway through the Barkly tableland with the Queensland system. This railway will throw the tableland open to the wool growers of Queensland. That will be its real value, not, as many people seem inclined to believe, because it will lead to the development of the coast lands.

But how the areas of north Australia which have a heavy rainfall are going to be made capable of supporting a white population, or indeed any large population, the writer fails to see. The mineral wealth may be great, because the mineral areas are extensive and only partially prospected. But undeveloped mineral wealth may constitute a national danger. Mines are only transitory things, and without agriculture it is difficult to maintain a permanent population of any size. The Northern Territory will not do it; but it is capable of producing much wealth, primarily in the shape of merino wool, and to that end all our energies in the way of development should be directed.

II. THE FEDERAL CHRONICLE

AT the end of March, Mr. Charlton, who has been leader of the Labour Opposition in the Federal Parliament since 1922, announced his resignation from that position on the ground of failing health. Mr. Charlton has never been a brilliant leader, and he has sometimes been out of step with his party, but he has always conscientiously

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performed the duties of his position and has fully appreciated its responsibilities. Genuine regret was expressed at his retirement, not only by members of his own party but by his political opponents, who have always had a high regard for his fairness, moderation and patent sincerity. It was generally expected that his successor would be Mr. Scullin, deputy-leader of the Opposition, whose longer experience in Federal politics entitled him to consideration before Mr. Theodore, who might be content, temporarily, with the position of deputy-leader, and at the end of April Mr. Scullin was unanimously elected, but a surprise was sprung by the election to the deputy-leadership of Mr. Blakeley, who obtained a narrow majority over Mr. Theodore. Attempts have been made to read into this defeat a triumph over the "reds," towards whom Mr. Theodore is at present accused of leaning, but more probably it was due to a feeling that the path to prominence in Federal politics, in which he is comparatively inexperienced, has already been made a little too easy for Mr. Theodore.

In the early part of March, when the *Ulimaroa*, of the Huddart Parker Company, was about to sail for New Zealand the Marine Cooks' Union refused to replace one of their number who had left the ship, unless the company agreed to place an additional man in the galley. This request was refused, the cooks declined to sail, and the vessel was laid up. From this small beginning has come a dispute which has gradually spread and disorganised local shipping. At first the dispute was confined to vessels belonging to this shipping company, and one by one they were laid up by similar tactics until the whole of the company's fleet was idle. Later, however, the dispute extended to vessels of other companies. The Commonwealth Steamship Owners' Association applied to the Commonwealth Arbitration Court for a suspension of the award governing the conditions of employment of marine cooks. The Court first gave a week's warning to the men and then cancelled the

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award, because the union had resorted to direct action instead of bringing their grievance before the Court. This left the shipowners free to employ cooks in inter-state trade on any terms which could be arranged. The owners then announced that, unless the men returned to work on all the ships under the conditions of the suspended award, they would employ voluntary labour and, in any case, they would insist on free selection and the abandonment of the roster system whereby the union chose the men for the jobs. This system, whilst not embodied in the award, is not inconsistent with it, and has been practised by the union for years. The Australasian Council of Trade Unions (A.C.T.U.), which was established by the All-Australian Trade Union Congress of 1927 to deal with industrial matters affecting the whole of Australia, intervened in the hope of bringing about a settlement, and called various conferences, but it met with an unexpected rebuff because the Marine Cooks' Union refused to recognise its authority. Most of the unions on the water-front received the strike unfavourably, and the employers had hardly begun to man the ships with voluntary labour when the cooks agreed to return to work on the owners' terms, which included award conditions and abolition of the roster system.

The new Arbitration Bill which has just passed both Houses was introduced into the Federal Parliament in December last year, so as to allow ample opportunity for discussion, and the debate, which was postponed in the hope that certain vexed questions would be settled at the proposed industrial conference, was not resumed till May. The Bill contains important amendments to the existing Act, designed to repair defects in the Federal arbitration system to which attention has often been called. Several of these amendments are non-contentious, such as the provision for a greater measure of voluntary arbitration, and for the establishment of conciliation committees which may operate to prevent as well as to settle industrial disputes. Others, again, are rather more contentious, such as

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a series of provisions designed to prevent the overlapping which exists in the case of State and Federal tribunals, and a clause which provides that the Court before making any award or certifying any agreement shall take into consideration their probable economic effects. The former of these will enable the Federal Court to remit to the State Courts certain disputes which, though possibly within the Federal jurisdiction, may more conveniently be heard before a local tribunal, and will thus remove a fruitful subject of litigation. The latter has been opposed as an indirect attack upon the principle of the living wage, for it bears upon certain decisions in which the judges have said that an industry which cannot pay the wage thought proper should pass out of existence ; but in fact it only makes mandatory what was always permissible and much more often practised than might be realised from a superficial examination of wage declarations.

The most contentious parts of the Bill are those intended to promote the better observance of awards and to "give members of organisations control over their officers and the affairs of the organisations." In the Act, the word "organisation" applies to registered organisations of employers or of employees, but these provisions refer to trade unions rather than to employers' associations. It is generally accepted that the penalties for strikes, which were provided in the original Act of 1904, have been ineffective, either because it has been impossible to produce legal evidence which would lead to a conviction, or because the penalty has been out of proportion to the offence. Most of the old penalties are retained and some new ones added, but in the case of individuals other than employers they have been reduced from £1,000 to £50 while, if the organisation expels the officers or members whose acts have exposed it to the penalty it is reduced from £1,000 to £100. In order to prevent sectional strikes either party to an award is to be allowed to ask the Court for an order declaring that a strike or lock-out exists, and if the order is made a lock-out or

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strike is subject to no penalty. This has been criticised as a proposal "to fan a small fire into a great one in order that we may extinguish the small one." Again, the Court is given power to disallow any rule of an organisation which is tyrannical or oppressive or which imposes unreasonable conditions of membership. This has been objected to as leaving the internal self-government of a trade union at the mercy of a Court from which there is no appeal. Another section gives power to the Court, where an organisation has committed a breach of an award, to cancel or suspend the award in whole or in part, either generally or in the case of particular persons, groups, or localities. During such a suspension or cancellation no member of the organisation is entitled to the benefit of any other award. This is, in effect, industrial outlawry of offending members of an organisation. Finally, in order that unions may not be dominated by a few officials it is provided that any ten members may, when a vote is to be taken on any resolution, demand a secret ballot. If this is not held, the Court may direct it to be taken under the control of an officer of the Court. Again, any ten members may apply to the Court for a secret ballot on questions affecting their organisation, and the judge, if satisfied that it is a *bona fide* application relating to a matter of substantial importance, may order the ballot to be taken under the control of an officer of the Court. The general attitude of the Labour party is that this is an unwarrantable interference with trade union organisation and throws into the hands of a few disgruntled members the power to wreck the organisation. The object of ensuring that such an extreme measure as a strike is not undertaken against the wishes of a majority of the members of the union concerned seems wholly admissible, but it is doubtful whether the method proposed is adequate for the purpose.

The debate on the Bill was conducted, in the main, on party lines, though there was some criticism from the Ministerial side. The Labour Opposition attacked the

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Bill on the ground that it aimed at the destruction of trade unionism and was, in effect, a declaration of war against the organised workers. Ministerialists maintained that some of the new provisions would prove unworkable. The Government itself circulated a number of amendments both before the second reading debate was resumed and in committee, but none of them was of any great importance except a provision that the section which compels the Court to take into consideration economic effects is not to affect the practice of the Court in fixing the basic wage. The debates were strenuous and prolonged, but the Bill passed both Houses without having suffered any serious inroad on its principles.

III. THE SALE OF THE COMMONWEALTH LINE

THE Federal Government has retired, more or less gracefully, and rather gratefully, from the shipping business. The war-time success and later financial difficulties of the Commonwealth Line have been reviewed in previous numbers of *THE ROUND TABLE*.^{*} The establishment of the line by Mr. W. M. Hughes in war-time has been characterised by the present Prime Minister as a "statesmanlike act," but in doleful company with other national shipping enterprises, the line has felt very severely the effects of the general depression in the shipping industry. The Government has accepted the £1,900,000 offered by the White Star Line, and has thereby emerged from the venture with a total loss, it is said, of nearly £8,000,000. There is no doubt that the dominant factor in securing the decision to sell the line has been its financial losses which, apart from depreciation, have exceeded half a million for each of the last two years. The Joint Committee of Public Accounts issued an interim report to reassure those shippers who, expecting the sale of the

^{*} *THE ROUND TABLE*, No. 49, December, 1922, p. 185; No. 60, September, 1925, p. 799; No. 70, March, 1928, p. 406-7.

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line, were doing business elsewhere, and recommended that the line should be retained and reorganised. The final report, however, shows that only a minority of the Committee still holds this view. The majority, probably influenced more by the final balance sheet than by the evidence of the single additional witness examined, advocated the immediate disposal of the line, preferably to a specially formed company which, in return for preferential treatment, would eschew agreements with the combine. This proposal evoked vociferous protests from the Labour Opposition, while an appreciable section of the press chorused its disapproval. These protests were inspired partly by what the Prime Minister referred to as "Mr. Charlton's fetish for State enterprise," but largely by the belief that the Commonwealth Line stood as Australia's one line of defence against exploitation by the shipping combine.

It is difficult to determine what success the line has had in keeping down freights. While Mr. Bruce asserted that it carried 2.7 per cent. of homeward bound cargo, Mr. Scullin (deputy leader of the Opposition) claimed to be in possession of figures showing that the line bore 18 per cent. of Australia's oversea trade. The best objective measure of changes in freights is the *Economist* index number. This shows that freights to Australia are now as low as in 1913, but that the reduction from the excessive war-time freights has been, in general, slower for Australia than for other parts of the world. This, however, may be not so much an effect of the impotence of the Commonwealth Line in reducing freights as a tribute to the "ever mounting handling costs" in Australia. The Country party, which might be expected to articulate the misgivings of the freight-burdened exporters of primary products, whole-heartedly supported the proposal to sell the line. Little protest was audible from the importers, perhaps through scepticism regarding the power of the line to keep down freights in their interests.

Even the supporters of the Government regretted the

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passing of Australia's mercantile marine. National defence problems and sentiment have fostered the ideal of a merchant marine, owned by Australia and manned by Australian seamen, bred and trained to the sea. The Government was reminded that the "Bay" liners had been specially strengthened to carry armaments. The Prime Minister thought it unwise to acquaint the House with the armament capacity of the ships, but Mr. Scullin obligingly vouchsafed the information that each could mount eight heavy guns as well as anti-aircraft and other light pieces. One newspaper published a detailed survey of the capacity of the ships, any one of which, the public was informed, could be turned into an auxiliary cruiser at short notice. But ships and guns are only half a mercantile marine, and the report of the Public Accounts Committee gave little encouragement to the belief that Australia is breeding a race of seamen. Less than half the personnel of the line was domiciled in Australia. This consideration tempered the regret of those who mourned the loss of the mercantile marine, but still more consolation was to be found in the Prime Minister's assurance that "if it is to continue, this Parliament will have to vote it a considerable sum of working capital."

Accordingly, tenders were called for under conditions which, it was hoped, would safeguard the exporters and importers and yet be less discouraging to buyers than the unsuccessful offer of the line in 1925, when it comprised 27 vessels. On that occasion it was prescribed that the buyer should conduct certain specified services with those vessels for a period of seven years, and that freights or passenger fares were not to be raised without the approval of a committee to be appointed. This time an equivalent service for passengers and refrigerated and other cargo for ten years was demanded and preference was promised to offers "containing proposals for safeguarding the interests of Australian exporters and importers in regard to freight rates."

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Only three tenders were received, of which two were unflattering. The shipping world did not regard the occasion as a bargain sale. The seven vessels were sold to the highest bidder, which incidentally was prepared to pay the largest cash deposit, and it was hardly accurate to state that the line was sold for an old song. As Lord Kysant has a large interest in the White Star Line, it is generally thought that the line has passed into the hands of the conference lines. The buyers have agreed to maintain a fortnightly service via Suez, if trade justifies it, supplementing the fleet where necessary with additional vessels. This will be an improvement on the present service. Freights are not to be increased without reference to a committee to be appointed, representative of shippers and owners. An equivalent passenger service involves carrying over 20 per cent. of the passenger traffic between Australia and the United Kingdom since the Commonwealth Line had become popular to this extent with travellers. Equivalence of service will not be maintained in respect of inter-state traffic. As the ships are to be placed upon the British register, the Navigation Act will normally prevent their participation in inter-state trade. This local problem will have to be solved by other methods than an Australian marine.

The change of register means a lowering of living conditions for the personnel of the ships, but many have been doubtful whether it was possible to retain both an Australian mercantile marine and Australian sea-faring conditions. This aspect has provoked the disapproval of the seamen, and the White Star Line has been promised a difficult time by trade union leaders. Thus the mercantile marine has been relinquished to the accompaniment of uproar from the radicals, mild regret from many patriots, and threats of boycott from the militant maritime unions.

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SOUTH AFRICA

I. THE SESSION OF PARLIAMENT

THE session of Parliament which ended on June 1 last was of unusual length and importance. In the ordinary course Parliament is summoned to meet towards the end of January, and sits till the middle or end of June. But the session of 1927 had come to an end with three Government measures of first-rate importance either rejected by the Senate or passed by the Senate with amendments which were unacceptable to the majority of the lower House. These were the Flag Bill, the Bill for establishing a steel and iron industry, and the Bill for consolidating and amending the laws relating to precious stones. The Government therefore decided to summon the next session of Parliament for October last year, so that the joint sittings of both Houses which would be required to deal with these measures might be disposed of before the end of the year, and Parliament could then reassemble after Christmas to deal with ordinary current business.

The history of these three measures has been dealt with in previous articles,* and it is only proposed here to discuss the second part of the session. Compared with previous sessions it was uneventful. The settlement of the flag question had brought about a release of the emotions which had been worked up on both sides in anticipation of

* THE ROUND TABLE, Nos. 68, September 1927, p. 848; 70, March 1928, p. 442; 71, June 1928, p. 653.

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a vigorous campaign in the country, leading up to the referendum, by which, according to the Government measure, the question was eventually to be decided. In the last days of the session there was some recrudescence of the old feelings, owing to dissatisfaction in certain places with the Government arrangements for the flying of the two flags. It was inevitable that difficulties of this sort should arise, but by a little exercise of tact and consideration the more serious among them could have been avoided. These troubles, however, only arose in the closing days of the session. When Parliament reassembled in January it was in the expectation of dealing with a humdrum programme of domestic legislation.

This expectation was amply fulfilled as regards the greater part of the business which came forward. But there were two matters of more far-reaching interest, and involving more controversial issues, which it will be convenient to deal with at once. One was the procedure in connection with the Bills affecting natives which the Prime Minister had placed before Parliament during the preceding session. These Bills are four in number—one relating to the acquisition of land by and for natives; one providing for the establishment of native councils in reserves and town locations to deal with matters of local concern; one dealing with the extension of parliamentary representation to coloured persons (*i.e.*, persons who are neither Europeans nor natives); and one dealing with the parliamentary representation of natives. The Prime Minister in introducing these Bills had followed an unusual procedure. He brought them in, not with a view to their being dealt with by the ordinary parliamentary procedure, but in order that they should be referred before the second reading, *i.e.*, before any debate could take place on the principles involved, to a select committee of the House which was to hear evidence from natives and others and to try to arrive at a measure of agreement between the Government parties and the Opposition as to the principles

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on which legislation should proceed on these questions. There was a strong feeling on both sides, and throughout the country, that the native question should, if possible, receive the consideration of Parliament undistracted by the ordinary lines of division between the political parties. It is felt to be a matter which goes too much to the roots of our existence as a people to be at the mercy of the party majority of the day. People are sharply divided on the many different aspects of what is called the Native Question, but these divisions do not correspond with those which divide the existing political parties. The Prime Minister's own proposals, though they were introduced with the general approval of his party, would certainly not have received its undivided support on some of their most important details.

The Select Committee was duly appointed in the session of 1927, and took voluminous evidence, and it was again appointed at the beginning of last session to continue its enquiry. But, when it had concluded the hearing of evidence, the real difficulties of its task began to be apparent. Informal conversations took place between the Prime Minister and the Leader of the Opposition, with a view to arriving at some principles on which a policy could be based which would meet with general agreement. But the end of the session found the Select Committee still deliberating, and it could only report accordingly to the House and ask for power (which was granted) to continue its deliberations during the recess. The intention is that it should report the Bills with such a measure of agreement between the parties that they can be dealt with by Parliament during the next session. With a general election confronting us next year the problem of arriving at any agreement between parties, on a question so full of controversial issues, is more than ordinarily difficult. For the same reason it is more than ordinarily urgent. Nothing could be more disastrous than that these questions should, at this stage, be the battle-ground of contending parties

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at a general election. Public opinion in the northern provinces and in a great part of the Cape Province also is, in so far as it has departed from the old stereotyped policy of repression, in great measure fluid and unformed. Any party which to-day went to the polls on a platform of equal political rights for all civilised men irrespective of colour would meet with disaster, and the prospects of a policy being gradually evolved which would offer some measure of satisfaction to the aspirations of the civilised native and coloured man would be indefinitely postponed. There are two main points raised in the Bills which stand out as controversial issues. One is whether natives should be allowed to buy land outside the native reserves, and whether land suitable for European development should be added to the existing reserves. The other arises in connection with the parliamentary representation of the native population. The strictly segregationist policy would deny to the native any representation in Parliament, and would, as opportunity offered, deprive him of the right to vote which he now possesses under the franchise laws of the Cape Province. The other school of thought favours a gradual admission to the privilege of the franchise throughout the Union, either on the lines of the Cape franchise which makes no colour discrimination, or in a more restricted manner by some sort of communal voting for native electors. It will be clear, therefore, that the Select Committee has before it a task of no ordinary difficulty and danger.

The other matter which calls for special mention was a debate on the declaration of the Imperial Conference of 1926 on Dominion status. This debate, and the claim made by the Prime Minister that a Dominion was, in law, neutral in the case of another member of the Commonwealth being at war, was discussed in the South African article in the last number of *THE ROUND TABLE*.*

* *THE ROUND TABLE*, No. 71, June 1928, p. 647.

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Of the other business of the session not much need be said. A great part of the time was occupied with a measure for the consolidation of the liquor laws of the various provinces. It contained no revolutionary changes, but, as is usual with such measures, brought into action a host of conflicting views and interests. Only the exceptional patience and adroitness of the Minister of Justice enabled him to steer his Bill through all the obstacles which confronted it. The budget showed a surplus on the year of $1\frac{3}{4}$ millions, and gave the expectant taxpayer a reduction for the current year of 20 per cent. of the normal income tax. From that, and from his careful handling of the finances, the Minister of Finance undoubtedly added to his reputation, both in Parliament and in the country.

The domestic troubles of the Labour party had a paralysing effect on the activities of its members in Parliament. These have come to a head since Parliament rose, in a resolution by the National Council expelling from the party Colonel Creswell, the parliamentary leader, Mr. Boydell, the Minister of Labour, and a number of other members of Parliament and prominent party men. This is the culminating point in a trouble which has been brewing in the party since the early days of the pact, by which the Labour leaders agreed to share the responsibilities of office with the Nationalist party. There has been a growing feeling among a section of the party that for its leaders to act as members of a Government which they could not control, and to share responsibilities for policies which were not in accordance with the Labour programme, was fatal to their existence as a Labour party pledged to the active realisation of the Socialist ideal. This and other causes—personal and political—led to a growing breach between the National Council, which is the supreme governing body of the party elected at the annual congress by the rank and file throughout the country, and the parliamentary caucus. Early this year

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Colonel Creswell launched an attack on the National Council, alleging that a certain clique within the party had created a number of bogus branches throughout the country so as to procure delegates at the annual party congress who would vote for the election of a National Council favourable to their own designs. He denounced the Council accordingly as having been packed by the devices of this particular clique and disowned its authority. He called a conference of the party to meet at Bloemfontein last month, and a number of members were there elected to act as an emergency governing body of the party, to carry on the ordinary business of the National Council, and to clean up the abuses alleged by him to exist, pending the election of a new and properly constituted council. The existing National Council retaliated by a meeting at Durban at which they repudiated the extra-constitutional body called into existence at Bloemfontein, and formally expelled from the party Colonel Creswell and those associated with him in these proceedings. Among the expelled are nine of the eighteen Labour members of the House of Assembly, including two Ministers—Colonel Creswell and Mr. Boydell. The third Labour Minister, Mr. Madeley, stands by the National Council, and was present at the meeting which passed the decree of expulsion.

The expelled members, of course, refuse to acknowledge the decree of expulsion, but a situation has been created which is bound to have far-reaching effects on political relations present and future. That the two expelled Ministers and their colleague who took part in their expulsion should continue to sit together as members of the same Cabinet would be an achievement in political comedy surpassing all our existing records in that branch of art. On the other hand, it will be difficult for the Prime Minister to associate himself with the one section against the other without risking a dangerous political crisis which might even precipitate a general election. As far as can be gathered at present, neither of the two contending

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factions is averse to the continuance of the pact after the next election. Colonel Creswell has publicly stated that he will ask for no pledge from the Nationalist party as to continuing the pact, but that if, after the election, the Nationalist party can only continue in power with the assistance of Labour alliance he will advise his party to continue that alliance. The other section favour a continuance of the alliance only on terms—among them a definite pledge by the Nationalist party that certain planks of the Labour platform are to be put into effect. But if, as seems likely, the general election is not to be for another year, much may happen by that time which cannot now be foreseen, and the wisdom of the adage about postponing the sale of the bear's skin till he has been caught may again be illustrated by practical experience.

II. THE MOZAMBIQUE CONVENTION

THE situation of Portuguese territory which adjoins the Union presents two important problems which affect the economic relations of the two countries. They arise from the position of Delagoa Bay, which is the nearest port to the Witwatersrand and to the coal mines of the eastern Transvaal, and also from the existence of a large native population in southern Mozambique, whose labour is available for, and keenly desired by, the Transvaal mines.

In 1909 a convention was entered into between the Transvaal and Mozambique Governments effecting an adjustment of railway rates under which Delagoa Bay was to receive 50-55 per cent. of the import traffic destined for the Witwatersrand area and, in return, native labour could be recruited for the mines without restriction. It was found that the mortality from pneumonia was very heavy among natives who had been brought from the tropics to work in the mines; consequently the Union

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Government prohibited recruitment in areas north of the 22° south latitude. Later on again, in 1923, the Union Government restricted the recruitment of Mozambique natives to 75,000 a year in order to encourage the natives in the Union and adjacent British territories, who at that time were suffering from the effects of a bad harvest, to come to work in the Transvaal. This restriction has not been removed, but, owing to the fact that natives remain at work on an average for twenty-one months, there are now about 110,000 Mozambique natives working in the Transvaal on the gold and coal mines. The employers much prefer them to natives recruited from the Union, as they are willing to engage themselves for longer periods than the latter, and also show a greater readiness to re-engage themselves at the end of their contract term. The result of the longer period of service is, of course, greater efficiency and less expense in recruiting.

In 1909 the trade through Delagoa Bay was primarily an import trade, but since that time, especially during the war, a large export trade has been built up in coal. As, however, the port was not equipped for the handling of this trade, congestion and delay affecting both shipping and rolling stock followed. In 1924 the Mozambique Convention was denounced by the Union Government in order that a new treaty might be negotiated; but the negotiations broke down on the railway clauses as the Portuguese authorities were unwilling to allow the control of the port and the line to be in the hands of a board on which the Union Government could command a majority. Since 1924 the Portuguese authorities have installed an adequate coaling plant in Delagoa Bay. There has also been a development of sugar and cotton planting in Mozambique which has created a local demand for native labour which did not exist in 1909. In 1927 the Portuguese Government passed legislation entirely prohibiting the recruitment of native labour in Mozambique for employment outside the province. This enactment was justified on the ground

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that native labour was required for the internal development of the province, though the actual demands for labour there were trifling as compared with those of the Transvaal. This Act was designed to come into force in May 1928, but its operation was postponed owing to the negotiations then proceeding in Lisbon between the Union and Portuguese Governments, in which Mr. C. W. Malan, the Minister for Railways, represented the Union Government.

On May 16 the Prime Minister announced in Parliament the terms of the heads of agreement which had been arrived at. The details are still being discussed ; but the main heads on which the new Convention is to be based are already settled. Delagoa Bay is to receive 50 to 55 per cent. of the import traffic for the "competitive area" of the Witwatersrand, and machinery is to be set up to meet the needs of the railways ; native labour recruiting is to continue, but the number of natives actually employed is to be reduced within five years to 80,000, and the maximum period of service must not exceed eighteen months. Natives who have returned home may not be re-engaged for six months after their return, and half their pay while they are at work must be retained and paid to them on their return to Portuguese territory.

This agreement has had a very unfavourable reception in the Union. The Union ports would naturally prefer to get a higher proportion of the inland trade, though, except for a time after the war, they have never had substantially more of the Witwatersrand import trade than the treaty gives them. Commercial interests on the Rand have protested against the deferred pay provisions, as hitherto Mozambique natives have spent nearly all their wages on the Rand, instead of taking their money home as most Union natives do. Shop-keepers in this particular class of trade will, in consequence, lose a sum which is estimated at about £750,000 a year when the treaty comes into force. The chief criticism, however, comes from the gold mines,

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an industry which is still expanding and requires about 220,000 natives to enable its work to be conducted with a maximum of efficiency. Any reduction in the labour supply means less ore milled and consequently, as overhead charges are unaffected, an increase in the cost of milling each ton of ore. Many of the low-grade mines are mining ore with a margin of profit of only a few pence per ton ; consequently, a slight increase in working costs means that they can no longer work at a profit, or alternatively, that their lives must be shortened by limiting extraction to the richer ore. In that event the country will lose the big turn-over in wages and other working costs, which these mines at present distribute. The richer propositions are, of course, unaffected by trifling changes in working costs. The mine owners on their side complain that the labour force which is the most efficient and the cheapest to obtain is being substantially reduced, and that they cannot get labour in its place from the Union and British territories south of 22° south latitude, because it is required by farmers and industrial employers in the towns. As, however, a system for preventive inoculation against pneumonia has now been perfected, it is possible that the restriction which forbids the recruitment of tropical natives may be relaxed.

In defending the new treaty, the Prime Minister could find no better justification for it than that it was better than no treaty at all, and that the Union must be satisfied with such concessions as can be got from the Portuguese Government. It will last for five years after ratification, after which either party may demand revision, and in default of an agreement it will lapse on six months' notice.

The first result of "sovereign independence" would thus seem to be a diplomatic victory for a foreign Government at the expense of several of the industries of the Union.

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I. THE INDUSTRIAL CONFERENCE

WHAT was picturesquely described by the Prime Minister as "an industrial peace conference" was held during the months of March, April and May. Convened by the Government in the hope that its deliberations might indicate the way to industrial peace, the Conference carried out a more or less satisfactory stocktaking, concentrating its attention on the existing industrial law of New Zealand and the possibility of improving it. In a country so largely dependent on the produce of the soil it was to be expected that special consideration would be paid to the agricultural and pastoral interests, and it was suggested in the order of reference that the Conference should study the possibility of excluding these interests from some of the admitted costs which are incidental to our system of wage-fixing. The bearing of immigration on the labour problem was also marked for special study.

As the Prime Minister stated at the opening of the Conference, there has for years past been a good deal of free criticism of the working of the Industrial Conciliation and Arbitration Act. That much-discussed law, passed in 1894 under the auspices of Mr. W. Pember Reeves, was for many years the cynosure, and to some extent the inspiration, of social reformers throughout the world. It was certainly an interesting model for others to experiment upon, and for the best part of a generation it was quoted as placing New Zealand in the forefront of social organisation. It

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has never been without its critics in New Zealand, but, up to the war period at any rate, the steady improvement in our material prosperity enabled it to function with apparent smoothness and satisfaction. The post-war contest of costs with prices has brought it more under the fire of adverse criticism, in which the representatives of the farming interests have shown themselves especially active and scathing. Labour itself has more than once uttered a tentative condemnation of the system of arbitration and even, through the mouths of accepted leaders, suggested that it should be repealed. During the last session of Parliament the Government took the critics at their word and Mr. G. J. Anderson, Minister of Labour, brought in a Bill proposing a number of amendments, the chief of which were the exemption of the farming industry from the operation of the Act and payment on a premium bonus system. The debate showed such a divergence of views that the Government was not able to persevere with the measure and was moved instead to convene a conference of the interests concerned, in the hope that they might be able to concert proposals that could be put into legislation.

The Conference opened at the end of March, and there were present twenty-five representatives each of the employers and the employees, seven members of the special Parliamentary Committee (representing all shades of opinion), the heads of several government departments, a professor of economics from each of the four university colleges of New Zealand, and the lecturer on agricultural economics from Massey Agricultural College.

Surely the occasion offers a unique opportunity (remarked the Prime Minister in his opening speech) of pointing the way to industrial peace and progress. The Government in calling this Conference has made an honest attempt to bring together what are apparently conflicting interests in the hope that by meeting face to face and thrashing out their difficulties they may succeed in bringing peace and goodwill to the industries of New Zealand. This Conference may be looked upon as a national stocktaking of our industrial relations, providing an opportunity for looking facts in the face and

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discussing them. This assembly may rightly be termed an industrial peace conference, which should aim at evolving the best methods of teamwork to increase the prosperity of all.*

In a well-considered introduction, Mr. Coates laid stress on the claims to consideration of the general public, the real shareholders in the industry of the country, as distinct from capital and labour. He asked also for special attention to be paid to the fact that the surplus production of our farms—our staple exports—has to be sold abroad subject to world competition which is in no way amenable to regulations and costs fixed in New Zealand.

While not for a moment losing sight of the standard of living of our people (he added) we must at all times have due regard to the fact that any fictitious position not justified by economic facts must ultimately prove to the disadvantage of all.

It must be admitted at the outset that there was some scepticism in the public mind as to the likelihood of anything tangible resulting from the Conference. Labour and capital, though not openly at war, have been at arm's length here as elsewhere for long enough, and the public have been accustomed to look in vain for anything in the nature of a solid rapprochement. In presenting the labour point of view at the opening meeting, Mr. T. Bloodworth said :

An adjustment calculated to give better results than are at present obtained can, in our opinion, only be brought about by a greater degree of co-operation between all the parties who contribute anything essential to the national well-being than has hitherto prevailed. The two sides rarely meet except to make demands of one another or to compromise conflicting claims, and negotiations are inevitably carried on as between two hostile bodies. In this way great powers of leadership and willing service are diverted from constructive work into the sterile fields of useless controversy. Throughout the whole of the civilised world the story is the same. The parallel rise of trade unions and employers' associations in mutual opposition has reached a point where it is generally recognised that the "normal condition of the world of industry is one of suppressed war."†

* *The Dominion*, March 28, 1928.

† *The Evening Post*, March 28, 1928.

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A feature of the Conference was the presence of the professors of economics, whose diverse opinions on certain factors in the problem ranged them on one side or the other at an early stage. Professor Murphy, of Victoria College, Wellington, opened with a vigorous attack on the arbitration system as being founded on unsound principles and against the public interest. It was possible under existing conditions, he said, for the parties to get together and make agreements satisfactory to themselves but not in the public interest, and it was not in the public interest that there should be a tribunal to ratify such agreements. As the result of long study he could not resist the conclusion that the Arbitration Court was mischievous and the system undesirable from the general point of view because—

1. It was legislative and hampering in detail ;
2. It took responsibility from the shoulders of the leaders of both sides and placed it on the tribunal ;
3. It was futile in that a wage rise was probably cancelled by a higher cost of living ;
4. It prevented industrial experimentation in other lines and kept the parties bound down to contention.

Professor Belshaw of Auckland concentrated on the gradual reduction of tariff in order to enforce those economies in production which at present, he said, were largely lacking. "In suggesting this policy I am aware that the weaker firms would suffer and the stronger firms would gain by tariff reduction, but despite incidental injuries and disadvantages a progressive tariff reduction is to be commended on grounds of general welfare and productive efficiency."

Professor Tocker, of Canterbury College, discussing costs in the farming industry, ascribed the prevalence of unemployment chiefly to the decline of the purchasing power of the farmers.

The narrow or negative margin of profit in recent years has (he said) made farming unattractive, as is indicated by the failure of the area of

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occupied land to expand, by the decline of 13,500, or nearly 10 per cent., in the numbers engaged on farms between the years 1923 and 1927, and by the scarcity of capital for farming purposes. The sheltered industries of the towns have been, since the war, much more attractive. Consequently, both labour and capital have been diverted to those industries. But their market is limited to the local demand, and, as the farmers' purchasing power has declined, the local market has been unable to absorb their full output at prevailing prices, production has been restricted, and they have been unable to absorb the labour supply available. The result is the unemployment of the last two years, which, despite the increased demand for labour created by heavy expenditure of borrowed money, has proved so intractable. To right the situation, labour costs must be reduced. Two ways are open : by reducing wages or by increasing production. The former method might involve a lowering of the standard of living for the workers, and hence is undesirable. The latter method would most certainly mean an improvement in the workers' standard of living. But increased production appears impracticable in sheltered industries under present regulated conditions. Much greater freedom and flexibility of organisation is required. It is difficult to see how the industrial conditions essential to increasing production, fuller employment and rising standards of living can be developed if the traditions built up under our arbitration system are maintained.

This very plain indictment of the arbitration system was flatly disputed by Dr. A. G. B. Fisher, of the Otago University College, Dunedin, who declared that :

The change in the price level is a direct consequence of currency inflation. It has changed in much the same way in other countries which have never heard of arbitration courts, and there is little doubt that our price level to-day would have been substantially the same if New Zealand, too, had no court. . . . The difficulties of farmers are not to any important extent due to the actions of the arbitration court, and if the court were to be abolished or its constitution greatly altered, farmers would be greatly disappointed to find how little difference was made in their situation. Any suggestion to abolish the court or seriously diminish its authority would undoubtedly be interpreted as a preliminary to attempts to lower existing wage-rates. Statements that present wage-rates are too high seem to point definitely in this direction. It is possible that the attempt might succeed, but it could succeed only at the cost of a great deal of strife and loss and ill-feeling, which I should prefer not

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to risk and which would scarcely lead to helpful relations of co-operation in production. The arbitration court has a further potential value as a means of educating the public and of collecting and circulating accurate information of a type that is becoming more and more essential if business is to find a firm basis on which to make its forecasts of the future.

The Court was also defended by Professor Belshaw, who thought that alternative methods of collective bargaining should be provided where a majority of the workers and employers in any industry desired it.

Turning from the professors to the farmers, the Conference received interesting views from two distinct angles. The New Zealand Farmers' Union began by demanding tentatively the abolition of the Court. Its conferences have demanded that outright, but its representative put forward the suggestion in a modified and conditional form. The Farmers' Union is not only the most numerous organisation of the agricultural and pastoral industry, but is also that which most materially contributed towards the establishment of the present agrarian ascendancy in New Zealand, which dates back politically about sixteen years. Mr. W. J. Polson, the president, in stating the views of the Union to the Conference, said that

The Farmers' Union views the principle of the Act and its practical effects with considerable dissatisfaction, and is opposed to the compulsory clauses in it. *Should it prove impossible to secure its repeal at the present time, a number of amendments are asked for.**

After citing four proposed amendments he arrives at the fifth rather as a surgeon would decide to amputate the leg after applying four cures for a frost-bitten toe.

That farmers and those engaged in related occupations, *e.g.*, freezing companies, which are in the main subject to the prices that are realised in the world's markets, should receive exemption from arbitration court awards.

* *The Dominion*, March 30, 1928. The italics are ours.

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The farmers recognised, he continued, the desirability of maintaining a good standard of living, but contended that "the present practice of fixing wages in accordance with the cost of living is based on indefensible fallacy. There is never any guarantee that the industry will produce enough to maintain a given standard, and the standard of living cannot possibly exceed for long the standard of output."

The president of the New Zealand Sheep Owners' and Farmers' Federation, Mr. H. D. Acland, did not go the length of asking for the abolition of the Court, but contented himself with demanding voluntary instead of compulsory arbitration. To him also the main source of trouble seems to be the fixing of the costs of production within the Dominion without the means having been devised for meeting those costs on the markets available overseas.

We see (he said) no reason for the retention of the compulsory clauses in the Act, and are of opinion that all requirements in the interests of all parties can be met under a system of voluntary arbitration. Failing a decision acceptable to either party at the conciliation council, the dispute could be submitted either to the arbitration court by the consent of the parties or to the arbitrament of public opinion, which would by this time have been informed of the merits of the dispute. In our opinion no one is better able to handle questions affecting the interests of any particular trade or industry than those directly engaged in it, and the only persons competent to deal with wages and conditions in any individual business are the contracting parties themselves.

The Farmers' Union, already rejoiced at the suggestion that compulsion should be abolished, were further heartened by the contribution of Mr. H. H. Sterling representing the dairy farmers. Mr. Sterling, who was regarded as a "live wire" in the Railway Department, left the State employ a year or two ago to accept a high salary as general manager of the largest dairy company in New Zealand. His utterance at the moment of his services being regained for the railways, naturally carried some weight. He said :

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With the principle of conciliation the dairy farmers have no quarrel. Administered and worked with the idea of conciliation always kept uppermost, we feel that the present position would not have arisen. But what do we find? The conciliation aspect is so completely in the background as practically to have ceased to be an effective part of our industrial machinery. As our people see the problem, it is absolutely essential that whatever is done shall be in the direction of bringing into immediate and practical effect the original design of the framers of the Act.

A suggestion of the farmers that wages should be decided by piecework was supported by the manifesto of the Associated Chambers of Commerce. After tabulating the ill effects of compulsory arbitration and wage-fixing, the chambers admitted that they too favoured the continuance of the Court provided its functions and constitution were revised.

Payment should generally (they thought) be by results and should be based on the value and volume of output. Wages should not be based on such artificial conditions as the size of a man's family or the pre-war cost of living, but must be based on the economic condition of the Dominion as a whole, the state of the primary producers and the interests of the consumer.

They invited a free discussion by Labour of their objections to piecework.*

The employers' case was presented by Mr. T. O. Bishop in a very clear statement on behalf of the New Zealand Employers' Federation. This pointed out three potential weaknesses in the present system. They were as follows :

1. The judge of the Arbitration Court might possibly be a faddist or dishonest (though in fact, it is added, "the successive judges of the Court have been men of the very highest calibre").
2. Awards may be too restrictive and inelastic (for which the antidote suggested is "watchfulness and the exercise of common sense and reason").
3. Not sufficient regard may be paid to the effect of wages upon the general public.

* *The Dominion*, April 19, 1928.

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Mr. Bishop made a strong point of the conciliation aspect, and urged that it should be compulsory for the parties before striking to meet together for the purpose of conciliation. Speaking of the present system as a preventive of strikes he remarked :

During the first twelve years of the operation of the arbitration system in New Zealand there were no strikes : during the next period of eight years strikes commenced again ; but there were only five in all which should be considered : and during the last two periods—1914-21 and 1921-28—there were practically no strikes during the war years and only four of importance since the war ended.

The Labour verdict on the existing system may be briefly summarised in the words of Mr. J. Roberts, secretary of the New Zealand Alliance of Labour, who said :

Although it may appear to some that we are in favour of the Industrial Conciliation and Arbitration Act in its present form, this is not the case. We recognise that some method of adjusting industrial disputes is necessary and in the absence of any other system we naturally adhere to the system which is at present in operation, but we are desirous of effecting some improvements—and indeed some drastic changes—in our present arbitration law.

Lest this should appear to be giving a testimonial to the Arbitration Court which might be misunderstood, Mr. Roberts added :

The Labour movement has no hallucinations whatever about the Court of Arbitration. They say unhesitatingly that they have not received justice from that institution for many years past. The workers are not satisfied with the basis the statistician has given for fixing wages.

Mr. Roberts's suggested reform was to grant to Labour a share in the control of industry, a measure of responsibility.

The Labour movement claims (he said) that the time has arrived when the workers should be allowed some voice in the control and

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management of industry. At present they are accused of being irresponsible, and this is no doubt partly correct. But what is the reason? Is it not the system itself? The worker performs a task for a certain wage. He has got no responsibility other than the performance of that particular task. The cure for irresponsibility is responsibility, and until you allow the workers a voice in the control and management of industry this irresponsibility will be with you.

In view of the criticisms which had been levelled at the system from all directions for years past, it was unique, certainly valuable, to find all these varying interests declaring so frankly that they would rather have it than nothing at all; that they would rather see it mended than ended. All except the Farmers' Union (whose attitude towards wage awards has always been somewhat intransigent) believed that while the arbitration system required to be amended it should on no account be repealed. And the Farmers' Union were so hopeless of achieving their old ambition of repeal that they came to the Conference prepared with a set of amendments which would make it less objectionable to them.

The Conference divided into committees for the intensive study of the various problems, and it is admitted that in the weeks that elapsed before it resumed there was a very tolerant, conciliatory and constructive discussion of the difficulties from all points of view. There was a genuine personal rapprochement which must have a continuing influence. Though in the long run the discussion failed to achieve its purpose, no interest has uttered any recriminations against another. When the Conference resumed on May 16, three reports were presented in which unanimous findings were recorded. They were:

1. *Workers' Compensation* :—On this the Government was recommended to study the Ontario system, which differs from most of the others in that it is not content to stop at the compensation of injured workers but aims at their rehabilitation.

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2. *Unemployment*:—The Committee agreed unanimously that the unemployment now prevailing in New Zealand is acute, and considered that the Government should provide out of the consolidated fund the money necessary to meet the situation. It was suggested also that the statistician should be asked to report upon the causes and conditions of seasonal and periodic unemployment with a view to steps being taken to minimise its evil effects. A careful study was recommended of the best forms of productive work to be undertaken by way of unemployment relief. It was urged that every encouragement should be held out to boys to go into farming rather than the professional and commercial occupations in the towns, in which there are not now sufficient openings for the number of boys offering.

3. *Immigration*:—On the immigration question the Committee, while fully recognising the responsibility of New Zealand to assist in the redistribution of population within the Empire, recommended that the strictest possible supervision should be exercised over the nomination system for all classes of immigrants, both as regards their personal qualifications and character and as to the ability of their nominators to meet their obligations; that there should be effective inspection by New Zealand medical officers of all immigrants intending to come to the Dominion; and that the flow of immigration should be regulated in accordance with the state of the labour market here and its capacity to absorb newcomers.

All these reports were adopted by the full Conference without dissent. It was on the compulsory principle in the Industrial Conciliation and Arbitration Act that the opposing interests split, and the split was final. When the session of May 17 opened the failure of the special committee to reach a unanimous recommendation was announced. The employers held out for optional reference of disputes to the Arbitration Court; the workers for compulsory reference. In rejecting compulsory reference the employers

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made some reasonable suggestions for the protection of the weaker unions, which it was thought might suffer in the early stages of the proposed experiment. "We want to establish a sense of responsibility," they said, "in the minds of the leaders of industrial organisations on both sides, and we want them to do their own work and frame their own awards and agreements." In an eloquent appeal to the Conference, Mr. Bishop said :

My appeal is that delegates on both sides will think nationally on this question and will sink all desire to secure immediate benefit for their particular interests ; that they will take a plunge into the water, in spite of its looking cold, and earnestly co-operate with each other in making a new attempt to create the right atmosphere and the right machinery for the adjustment of differences in industry. If that is done this Conference will be an historic occasion. It will be a landmark in industrial progress, and every one of us will have occasion to look back on it with some pride and satisfaction in having played his part therein.

Mr. Bloodworth, acknowledging the sincerity of Mr. Bishop, said it was all very well for such an able swimmer as him to take the plunge, but many members of industry had not even learned to swim. Another Labour delegate felt that the proposal involved a plunge from a great height into the waters that were not too clear, and there might be rocks at the bottom.

The employees admitted that the best method of adjusting disputes was by the parties concerned, without reference to counsel or court ; but a survey of industrial history, they said, revealed the fact that the parties did not usually settle their disputes. They held, therefore, that in the interests of the nation as well as of the parties the industrial law ought to contain the necessary provision for finality in settlement of disputes.

Unless the legislation contains a provision of this kind there is always the possibility of a strike or lock-out involving the workers in a loss of wages and the industry in a loss of income. Worse still, there is a possibility of the most unimportant dispute involving

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industries which are essential to the every-day life of the people in a stoppage.*

A long, good-tempered debate showed that the split on this point was quite incurable, and that in effect the Conference was at an end. Some of the daily newspapers were frankly disappointed at this dénouement when the accord had gone so far as it had. *The Evening Post* (May 18) remarked :

There is substance in Mr. Bishop's statement that it has been found impossible to make arbitration compulsory. But does this fact warrant the change to a completely optional system ? Is there no means of providing a controlled and just operation ? We are not sure that the possibilities in this direction have been fully exhausted. It may yet be found that machinery can be devised to retain the arbitration principle so guarded as to prevent its abuse, whether that abuse takes the form of neglect of conciliation or a deliberate flouting of obligations. The industrial problem cannot rest where the separate reports have left it. With the parties at arm's length and fighting fiercely, Parliament may be inclined to cut a way through with more or less disastrous consequences for labour and for industry. With the parties in friendly contact the legislators would have a chance of negotiating an amicable settlement. It is certainly worth trying.

The Prime Minister, in thanking the delegates for their work, remarked that the main benefit of the Conference would be the better understanding that had been brought about between workers and employers.

It is a matter of distinct satisfaction that we in New Zealand have been able to get the various organisations representing the different interests together. I think it is an accomplishment, and I believe it augurs well for the future that the Dominion has been able to assemble such a wide representation of interests who have got their legs under the same table to discuss matters of interest. . . . If we can keep industrial peace in this country there is nothing to fear. It means everything to everybody to have a large section of our community satisfied that they are getting a fair hearing and a fair deal. If we can do that we are going to progress, because it means prosperity for every individual in our country.

* *The Dominion*, May 18, 1928.

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Some of the papers are inclined to belittle the results. But while there was a distinct tendency in the country to suggest that agreement was never possible, and even that the Government in calling the Conference was guilty of a political "gesture" or an attempt "to put itself onside" in view of the elections at the end of the year, it must be admitted that the result of the Conference does definitely enlighten the Government as to what it may not do in any fresh attempt to amend the law. It has at any rate been assured in the most authoritative manner that some of those on both sides, who during the last few years have raised loud cries for the repeal of the Industrial Conciliation and Arbitration Act are not prepared to be taken at their word. Their bluff has been called. The interested parties in New Zealand which happen to be organised and articulate have said that they want the Act to remain in some form. Whether the inarticulate third party—the shareholder, the consumer, the general public—wants it is another matter, and it is most unlikely that the question will become a party one at the general election so that the public could register its opinion.*

* The Arbitration Question was referred to in the New Zealand articles in June and September 1927 and March 1928.

II. SAMOA

THE Samoan trouble has somewhat faded in the public interest with the removal of practically all the chief actors from the scene. It is not quite clear whether the manner of drawing the curtain may not have done a certain amount of damage in the impression which it has left on the native mind in the territory. It is true that Messrs. Nelson and Gurr, the leaders of the Mau disaffection, have been deported, but they left with loud words of defiance and counsels of resistance upon their lips, and within a few weeks—before normal relations had been restored between the natives and the administration—General Sir George

Samoa

Richardson, the Administrator, left for good ; the ministerial charge of the department was transferred from Mr. Nosworthy to the Prime Minister ; and the Secretary of the department, Mr. J. D. Gray, who had reached the retiring age, elected to retire. It will be easy for the Samoans, who are accustomed to intrigue and have fed so recently upon the food of resistance, to see in this concatenation of events the triumph of their revolt, and to expect that like measures will in future produce like results. In point of fact, Sir George Richardson's term had expired. He left Samoa a few weeks earlier than would otherwise have been the case purely in order that he might reach Geneva in time to attend the sitting of the Mandates Commission at which Samoa was to be discussed. The fact that the Commission refused to hear Mr. Nelson, who also went to Geneva in the hope of getting the conduct of New Zealand condemned there, no doubt served to correct some of the false hopes of the natives, and the decision of the Commission condemning the activities of Mr. Nelson ought to remove the last of their illusions.

In announcing the appointment of Mr. Stephen Shepherd Allen to succeed General Richardson as Administrator, Mr. Coates declared the determination of the New Zealand Government not to allow the existing position in Samoa to continue.

It is (he said) our duty to govern Samoa. I feel sure that the people of New Zealand would not wish to risk precipitating a conflict with these innocent though misguided people unless such a course is unavoidable. The Government hope and believe that the position will right itself, but they wish to make it plain in New Zealand and in Samoa that if peaceable measures fail the Administrator will receive the fullest support from the Government of New Zealand in any measures that may be necessary to restore order and enforce law in the territory.

Mr. Allen is a graduate of Oxford who served with great distinction with the New Zealanders in the war, holding temporarily the rank of Brigadier-General and winning the

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C.M.G. and the D.S.O. He went to Samoa as a civilian, but supported by a small body of military police specially recruited and trained to take the place of the naval men who had been doing duty there in the last days of the late administration. His appointment has been generally approved, though one or two papers comment critically on his military rank.

On his return to New Zealand, Sir George Richardson, in a full and frank statement, declared once more, what practically everyone believes, that but for the committee of Europeans making use of the natives for their own ends there would have been no agitation or resistance to the Government. The Samoans have, indeed, never known a more sympathetic or benevolent government. The agitation would have died when the royal commission made its report in New Zealand but for the fact that the natives had been led to believe that they had a promising court of appeal at Geneva.

Statements had been made in New Zealand and in Samoa (continued General Richardson) and printed in the vernacular press encouraging the natives to carry on in order to have the matter taken to higher authorities. The Samoans who had paid their money to the agitators were encouraged to believe that they still had a chance of winning.

When the Department of External Affairs was created in 1920 and the portfolio entrusted to Sir James Allen, it was intended that it should embrace all the activities of the Government of New Zealand which were not purely domestic—that is to say, the administration of the island dependencies, Imperial affairs as now generally understood, and such matters as arise out of our membership of the League of Nations. In practice, the department has only controlled the Samoa mandate, for even the Cook islands dependency has been put under another Minister. Now an important change has been made. On May 1 the Prime Minister announced that Mr. C. A. Berendsen of his own depart-

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ment would assume, in addition to the duties of Imperial Affairs officer, the post of secretary to the Department of External Affairs, rendered vacant by the retirement of Mr. Gray. The administration of Samoa and of Imperial affairs is thus centred in one person under the direct control of the Prime Minister. The Cook islands remain under Sir Maui Pomare—a strange division of cognate functions. Discussing the new arrangement, the *Evening Post* says (May 5):

Personal supervision of New Zealand's external responsibilities by the Prime Minister would no doubt be highly desirable provided it was really personal. There is a distinct danger, however, that under pressure of other engagements, the Prime Ministerial control may become more nominal than real—that the actual shaping and execution of the Samoan policy may rest with the official head of the department and with the administrator.

III. UNEMPLOYMENT AND FINANCE

THE prevalence of unemployment has naturally brought immigration under severe criticism by Labour speakers. Many deputations have spoken warmly on the subject, and elicited from the Prime Minister a statement that the only immigrants now being brought to New Zealand are members of separated families.* The Governor-General, in a speech at Hamilton on April 30, put in a judicious word for the continuance of immigration. Every immigrant that comes to the country, if of the right stamp (he said), is a producer and is the greatest help the country can have. He is not the man who will take the bread out of another's mouth. He will become not only an employee but a purchaser of the country's goods. It is the only way that secondary industries can develop.†

Both workers and employers at the Industrial Conference expressed the opinion, however, that many of the immigrants who have come to New Zealand in recent years have not been of the right sort.

* *The Dominion*, May 14, 1928.

† *The Dominion*, May 1, 1928.

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"The moment we speak against immigration," said Mr. J. Roberts, secretary of the New Zealand Alliance of Labour, on May 27, "the Government and its press immediately point out that the Labour party is opposed to immigration. We are nothing of the kind. Let them come by all means, but first of all let us absorb those already out of work." Labour has persistently accused the Government of attempting to lower wages by offering 9s. for single men and 12s. for married men employed on relief works.

The improvement in the financial condition of the Dominion comes too late in the year to have an appreciable effect on the unemployment problem during the present winter. During the last financial year the Government spent £472,671 on relief works, of which £75,106 was paid in subsidies to local bodies. The total number of men engaged on public works in New Zealand in May this year was 11,038, as compared with a weekly average of 10,000 last year and of 8,300 in the year before that. As to the degree of unemployment, though admittedly grave for such a country as New Zealand, it is apparently not so bad as elsewhere. Speaking at Morrinsville, the Prime Minister stated that the 1,100,000 unemployed workers in Great Britain represented one to every 12 workers. In New Zealand, even if they accepted the Labour figures (10,000) the proportion was only one in 43.5. On the Government's figures it was one in 87.

After so pronounced an experience of unemployment it is cheering at last to see better times dawning. The financial recovery is unmistakable. The first definite evidence of this, a favourable balance of trade, was shown by the customs figures on March 31. Whereas in the previous year there had been an adverse trade balance of £2,510,332 (due largely to the loss of purchasing power in Great Britain following upon the strike), in the financial year ended March 31 last there was a balance of exports over imports of the value of £10,542,674. That is to say,

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there was a favourable swing during the year of more than £13,000,000. The bank returns, published a few days later, expressed the same happy fact in different terms. For each of the five quarters up to the end of December 1927 the advances made by the banks exceeded the deposits by an average of £4,846,000 per quarter. In the first quarter of this year the pendulum swung back in the other direction; the deposits exceeded the advances by £3,887,925, and the advances showed a reduction of £4,730,000.

A few weeks later the Prime Minister was able to make an interesting comment on the increased productivity of New Zealand as shown in our exported produce. According to his figures the values for the years since 1923 (the first normal post-war year) were :—

		Value of Exports. Value on price basis of 1923.	
		£	£
1923	..	45,371,908	45,371,908
1924	..	51,920,828	45,401,634
1925	..	54,521,031	45,246,952
1926	..	44,339,183	45,045,236
1927	..	47,571,233	47,976,302

It is satisfactory, as the Prime Minister states, that after remaining stationary for four years, the volume of exports as well as the value last year showed a marked advance "in spite of an increase of population of 107,000 since 1923 . . . and that the increase of over £2,000,000 in the recorded exports in 1927 as compared with 1923 not only is not due to increased prices but has actually been achieved in the face of lower prices."* Moreover, while the population of the Dominion has increased by 107,000 since 1923 that portion of it which is engaged in primary industries has not increased at all; yet the figures published in the *Monthly Abstract of Statistics* for the year ended March 31 1928 fully bear out the increase in exported produce. This, in the face of an increased total population, connotes greater production.

* *The Dominion*, May 5, 1928.

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The Minister of Finance, Mr. W. Downie Stewart, was able to make a very cheering speech at Cambridge on April 30, the day on which the Dominion's £5,000,000 loan (at 4½ per cent.) was underwritten in London. In the last three years, he said, New Zealand had had to borrow in London £7,000,000, £6,000,000 and £6,000,000 respectively, but this year it was necessary to borrow only £5,000,000. Though the public debt had increased during it by £5,546,000 the Government's policy of "tapering off" borrowing was beginning to be felt.

Under our statutory debt repayment scheme the annual amount available for redemption is steadily increasing each year, and in the last six years, from this and other means, we have reduced the dead weight war debt by almost £10,000,000. I am in hope that the net increase in borrowing will fall to such a figure that we will reach the point where the amount of war or other debt paid off will equal the new money borrowed for public works.

Mr. Stewart claims that the flotation of the New Zealand loan at 4½ per cent. is a definite break with the 5 per cent. basis which has prevailed in London for oversea loans for some years past, and indicates a distinct tendency towards easier conditions. Of the new loan £3,000,000 is for public works; £1,000,000 for hydro-electric power and £1,000,000 for railway improvement.

The hopeful feeling naturally inspired by the publication of these figures was enhanced by the statement of Sir George Elliot, the chairman of directors of the Bank of New Zealand, at the annual meeting of shareholders on June 15:

May I (he said) assert that he must be a pessimist indeed who feels it necessary to take a gloomy view of the present condition of the country. The adverse tide of 1926-27 has turned and the large excess of exports over imports is slowly beginning to have a beneficial influence on the financial condition of the country. (*Evening Post*, June 15.)

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July 2, 1928.

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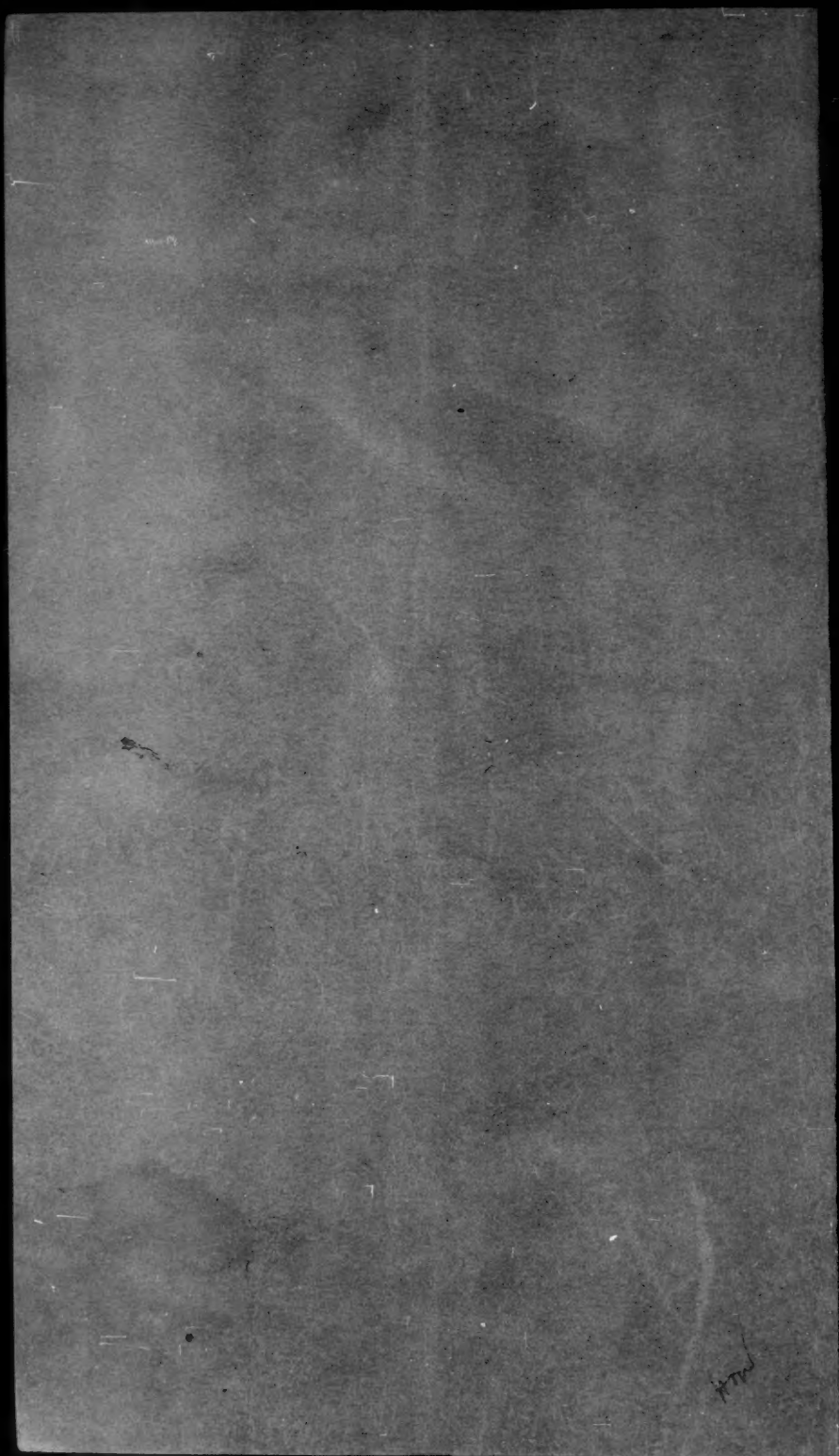
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